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Callaghan to give poll date shortly

BY RICHARD EVANS and CHRISTIAN TYLER

THE Prime Minister went as far as he could yesterday in his address to the Trade Union Congress at Brighton to confirm that there will be an autumn General Election, the date of which will be announced in the next few days.

In an outspoken speech that stressed the need to contain wage demands in the coming year to the Government's 5 per cent guidelines and to resist cuts in the working week that were not self-financing, Mr. Callaghan called on the trade union and Labour movement to support the Government's policies in the forthcoming election campaign.

At no time did the Premier spell out his election timetable but the assumption made afterwards by both trade union leaders and Labour party tacticians was that October 5 remained the favourite date, with October 12 as an alternative possibility.

Significantly, Mr. Callaghan made no attempt to reign back the bandwagon running for an autumn poll or to deploy the arguments in favour of a delay to next spring.

He ended his speech, which received a mixed response from his audience, with a clear electioneering call for support for a Government which would "match tolerance against prejudice, policies against slogans and co-operation against conflict."

The real ovation of the day, however, went not to Mr. Callaghan but to Mr. Hugh Scanlon, who followed him with a heart-felt appeal to unions to rally behind Labour. It was he, not Mr. Callaghan, who struck a real chord with the 1,170 delegates.

Mr. Scanlon, president of the engineers, was making his last big speech to Congress — he retires next month—and it was one of his finest.

The last four years of TUC-Government relations had not been easy or cosy, he said. "Some of us have jeopardised friendships of a lifetime facing up to the pressures arising out of policies of this Congress or of their unions."

The TUC would oppose any Government that tried to solve problems by confrontation as it had opposed the Conservatives in 1971-74. He called on the unions to "give until it hurts" to re-elect Labour.

A motion to that effect which he was introducing was acclaimed with a shout of "Aye" rather than carried by a show of hands. This was a neat device for avoiding any appearance of division since about half the unions in the TUC are not affiliated to the Labour party. Many of them, including the civil servants, had said in advance they would have to abstain.

The Prime Minister is still keeping his cards well shielded but the expectation is that he will announce his plans shortly after the Cabinet meets on Thursday. This could mean a brief statement on the dissolution of Parliament either later this week or early next.

Mr. Callaghan is due to visit the Queen at Balmoral over the weekend which makes an announcement early next week more probable. But he might prefer an element of surprise by calling the election at the end of this week as any consensus reached at the Cabinet could quickly become public knowledge.

The campaign itself would start not from the announcement of a general election but from the dissolution of Parliament and this would allow the Liberals to hold a curtailed assembly at Southport early next week.

Mr. Callaghan remains keen to give Mr. David Steel, the Liberal leader, all the support he can in the belief that disaffected Liberals will be more likely to drift to the Conservatives than to Labour.

In his teasing references to

Continued on Back Page

Terry Kirk

Mr. Callaghan: clear electioneering call.

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Nkomo claims responsibility for air crash

BY OUR FOREIGN STAFF

MR. Joshua Nkomo, Rhodesian nationalist leader, yesterday claimed his guerrillas had brought down an Air Rhodesia Viscount aircraft which crashed near the Zambian border at the weekend. He added that the guerrilla war would become much more bitter unless Mr. Ian Smith, Rhodesian Prime Minister, surrended.

But in Salisbury, Capt. Pat Travers, general manager of Air Rhodesia, said there was no immediate evidence the aircraft had been shot down by a guerrilla missile.

The pilot's final message, he said, had been explicit in that it referred to both starboard engines being out of action. "In our opinion, had the aircraft been hit by a missile, or any other weapon, the crew's first reaction would have been to say so.

"We have to accept that mechanical things can go wrong. But there is just no evidence at the moment to say it was caused by hostile action."

Mr. Nkomo: "Much more bitter war."

Missiles

Capt. Travers rejected as a "downright, deliberate lie," Mr. Nkomo's assertion that Air Rhodesia aircraft were legitimate targets because they were used for military purposes.

Our correspondent in Lusaka writes: Mr. Nkomo, co-leader of the Patriotic Front alliance, denied Rhodesian Government claims that nationalist guerrillas had shot dead 10 of the 18 survivors of the crash, in which 38 people died.

The alleged downing of the Viscount was the biggest military strike Mr. Nkomo has claimed in the four years which have seen his army grow from less than 1,000 to an estimated 10,000 Soviet-equipped men.

There is little doubt that his forces do have the technical potential to bring down an airliner. According to Western intelligence officials, Russia, Mr. Nkomo's main arms supplier, has provided increasingly sophisticated equipment including Sam-7 ground-to-air missiles and 122 mm rockets as well as anti-aircraft equipment.

But, so far, there has been no independent corroboration of Mr. Nkomo's claim wihch comes at a crucial political and diplomatic juncture.

His meeting with Mr. Smith last month has divided the front line African States into two camps. One of these, led by President Julius Nyerere of Tanzania and including Mr. Mugabe, the other leader of the Patriotic Front, argues that Mr. Nkomo was duped by Mr. Smith into believing the white Rhodesian leader wanted to achieve something beyond further divisions in black Africa.

Mr. Nkomo's statement about the Viscount may thus have been intended, publicly at least, to assert his commitment to the war for the benefit of both white Rhodesians and his nominal black African allies.

In spite of fresh efforts by Zambia to paper over the split, there is little doubt that black African division is now profound. According to Nationalists, Mr. Nkomo is prepared to say privately that President Nyerere has persistently divided the nationalists movement since 1963 and that the Tanzanian leader is interested only in imposing a leader of his own choice on an independent Zimbabwe.

Mr. Nkomo delivered yesterday what, in black African terms, is a substantial insult by saying Tanzania no longer qualified as a front line State because it did not share a border with Rhodesia.

Collective

Zambia, Mr. Nkomo's main sponsor, went out of its way to minimise the damage caused by the row. In a statement the President dissociated Zambia from his remarks, saying President Kenneth Kuanda still regarded Tanzania as a front line State.

But, the statement also made clear that while Zambia felt bound by collective front line decisions, what it called "the Zimbabwe Liberation Movement" was not.

In spite of the statement, Zambian officials indicated that front line division was far from resolved.

They described as madness President Nyerere's assertion that future peace dealings be conducted not with Mr. Smith directly but through Britain.

NEWS SUMMARY

GENERAL

State's M-way profits capped

...e official report on motorway ...rvice areas says that the Government rather than the operators is making excessive profits.

The committee of inquiry ...veals that last year, the Government's rate of return was more than three times that of the operators.

Apart from calling for a cut in the Government share of the take—a move welcomed "in principle" by William Rodgers, Transport Secretary—the committee wants catering standards improved and petrol prices cut ... 5p a gallon. Back Page

...ummit: Sadat's turning point

...resident Sadat of Egypt said as ... left Paris for Camp David that ...e summit would mark a turning ...oint in the history of the Middle ...ast. He said his talks with ...resident Giscard had been aimed ... strengthening European support.

At the same time, Moscow ...ccused the U.S. of trying to ...vide the Arabs, Palestinians set ...f two bombs in Jerusalem and ...rael inaugurated its 27th settlement on the Golan Heights.

...ecrets trial

...ecrets trial opened at the Old ...ailey with a claim that the ...xistence of a secret Government communications HQ was ...vealed to two journalists by a ...ormer Army intelligence officer.

...ood racket

...ublic health officials condemned ...on-existent supermarket food so ...hat the shop managers could ...laim rebates from the makers, ... was claimed at the Old Bailey. ...n return, the officials took their ...ick of food at the stores. Two ...fficials and two shop managers ...eny a total of 20 fraud charges.

...Minister sacked

...omania's Interior Minister, ...eodor Coman, has been sacked ...n the wake of the recent defec...on to the U.S. of a former top ...ecret service official. About a ...ozen security officers are said ...o be in custody following the ...efection.

...ather dies

...red Witcom, father of Birmingham smallpox victim Janet ...arker, died of a heart attack. ...octors said he had not shown ...ny signs of smallpox after being ...dmitted to hospital as a precautionary measure.

Plant discovery

...enugreek, a plant used in ...aking curry powder, could ...ecome a new source of protein, ...il and a range of medicines, ...ncluding the contraceptive pill. New strains of the plant are ...eing produced at Bath University.

Windscale leak

British Nuclear Fuels has revealed two cases of excessive contamination at the Windscale nuclear reprocessing plant on August 30 and 31. Tests are being made on seven workers involved in one incident and one man was contaminated in the other.

Briefly . . .

Danish air force F-104 Starfighter exploded over Thisted. The pilot ejected safely.

September £100,000 Premium Bond winner lives in Cleveland. Number: 12WP367340.

The Queen is lending part of her collection of Leonardo da Vinci drawings to Hamburg museum.

Seven people died in Pennsylvania when a helicopter dropping ping-pong balls as prizes crashed into a carnival crowd.

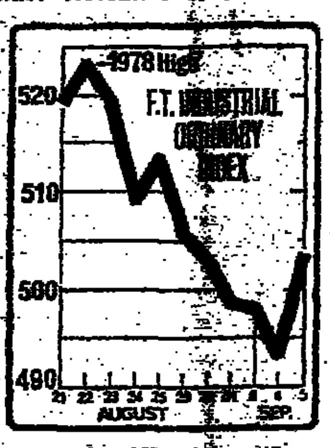
Dispersant was being sprayed on an oil slick off Northumbria.

Shah of Iran will go ahead with visits to Romania and East Germany next week in spite of unrest at home.

BUSINESS

Equities up 10; Gilts firm

● EQUITIES staged a sharp technical recovery, helped by encouraging figures from BICC and Plessey and the mid-August banking figures. The FT Ordinary Index closed 10.1 up at 503.5, its biggest one-day rise since November 8, 1977. In



Tokyo, the Nikkei-Dow Jones average touched a new post-war peak of 5,650.18. In Australia, the Sydney All Ordinary Index rose 4.29 to a high for the year of 553.97.

● GILTS were firmer, with shorts up $\frac{7}{32}$ and longs by ¼. The Government Securities Index closed 0.34 up at 70.52.

● STERLING lost 40 points to \$1.9425, and its index remained unchanged at 62.3. The dollar's depreciation was 9.2 per cent.

● GOLD closed \$1¼ down at \$209¼ in London.

● WALL STREET was 3.90 up at 883.23 just before the close.

● LAND PRICES for both housing and agriculture rose sharply in the first half of this year, according to Government figures. Agricultural land rose by about £77 to £1,247 an acre in the three months to July, and housing plots have risen about 18 per cent to an average £2,210 since the first half of 1977. Back Page

● UK STEEL producers have asked other EEC steelmakers to curb their exports to the U.S. for fear of retaliatory measures. EEC share of steel imported into the U.S. rose to 42 per cent in July. Back Page

● EEC food industry has appealed to the Commission in Brussels to cut import charges on food raw materials which EEC farmers cannot produce. Page 35

● FERRANTI has agreed on a new £8m venture with Siemens AG to set up a joint company to manufacture electricity meters. Back and Page 7

● CAR UNION leaders are to meet tomorrow to discuss what they consider to be an unsatisfactory response from Peugeot-Citroen to requests for discussions on its proposed takeover of Chrysler European operations. Back Page

● NORSK HYDRO, Norway's largest industrial company, is expected to be the most likely group to takeover Continental Oil's UK chemical interests. Page 7

● FORD UK is raising the prices of about half its range of cars to take account of specification changes to current models. Page 8

COMPANIES

● PLESSEY Company pre-tax profits for the three months to June 30 were £12.41m against £12.39m in the same period last year, in spite of adverse currency movements and continuing losses in consumer electronics. Page 26 and Lex

● DECCA pre-tax profits for the year to March 31 fell sharply, with the overall trading surplus £3.79m down at £14.53m, after losses in television activities and lower performance from its record interests. Page 27 and Lex

Fall in money supply indicated by latest banking figures

BY MICHAEL BLANDEN

A FALL in the money supply during the month to mid-August was indicated yesterday by banking figures which showed a sharp reversal of the exceptional growth recorded in the previous month.

As a result of the turn-round, the banks were able to bring their deposits back well within the ceiling imposed under the so-called corset controls over their growth.

The main pointer was given by the total of the banks' eligible liabilities, their major deposit funds. These showed their biggest fall on record, of £1.63bn to £43.4bn, after rising by over £660m in the July banking month.

This decline of 3.6 per cent followed the unwinding of distortions evident in the figures for the preceding couple of months, arising mainly out of pressure on the reserve assets of the banks.

It is likely to be reflected only partially in the money supply figures due next week, which are not directly influenced by much of the recent movement in the banking statistics. Nevertheless, the signs are that sterling money stock on the wider definition (M3) could show a modest fall after the 1.1 per cent rise in July.

During the four-week period to August 16 the interest-bearing element of eligible liabilities—the figure on which the corset restrictions operate—showed an even sharper decline of £1.9bn or 6.3 per cent.

As a result, at mid-August the interest bearing eligible funds of the banks were only 1 per cent above the corset base period, well within the permitted growth of 4 per cent. In July, they were 7.7 per cent up, or 3.7 per cent above the limit. The big clearing banks, which were even further above the ceiling in July, have also now moved back within the limit.

The penalties under the controls will be applied to banks which exceed the permitted growth over the base level taking an average of the figures for the three months August to October. It is particularly important that the banks pulled back into line last month, because it was the first which will count in calculating any penalties.

The exceptional movements in the banking figures have reflected shortages in the money markets and the problems of the banks in maintaining the required level of reserve assets. These problems have been eased by official action, however, through releases of special deposits to the banks and assistance to the money markets. It is now argued that the figures are back closer to their normal trend after the earlier distortions.

While welcoming the relief, however, bankers still argued yesterday that there could be renewed problems in future in meeting the corset limits, now extended for a further eight months. They said that they are due to pay back 1 per cent of special deposits—some £430m—to the Bank of England next Monday, and a further 1 per cent on September 26.

Tables, Page 8

Sales boom

Spending in shops during July was more than 6½ per cent higher in real terms than a year earlier and the momentum is expected to have been maintained during August.

Back Page; Editorial Comment, Page 16

£ in New York

—	Sept.1	Previous
Spot	\$1.9560-9580	\$1.9450-9440
1 month	0.46-0.41 dis	0.41-0.35 dis
3 months	1.20-1.14 dis	1.16-1.10 dis
12 months	4.45-4.35 dis	4.35-4.25 dis

Dutch in aircraft plan protest

BY MICHAEL DONNE

THE DUTCH Government has complained to the European Commission that British plans for the new 146 short-haul airliner breach ministeral agreements reached in 1975 not to duplicate new aircraft projects.

The Dutch also said that the plans may have breached EEC treaty articles on state aid.

The Economics Ministry said in the Hague last night that the 70 to 90 seater 146 airliner was a direct competitor to the Dutch-German VFW-Fokker group's F-28 which had a similar number of seats and air perfromance.

Fokker has also lodged a protest with the EEC about the British Aerospace development. The company's letter asked the European Commission to re-open the investigation into the justification fo rthe launch of the 146.

The commission's investigation stopped in 1975 when the project was shelved by Hawker Siddeley, the designers.

The project was given the go-ahad by Mr. Gerald Kaufman, Industry Minister, in July when he authorised British Aerospace to proceed with the £250m development.

The EEC Commission said in Brussels last night that the Dutch had requested that the commission should investigate the matter under article 92 of the European Communities Treaty. This forbids State aid for projects that may distort competition within the Community.

More than half of the F-28 airliner is made with British parts. Fokker said that the 146 project was a "threat to the Fokker aircraft which could have a negative influence on the good spirit of cooperation which had existed between the company and the British aerospace industry."

Commission officials refused to comment officially about the Dutch move, but privately they gave the request for action little chance of success. The officials said that the 1975 declaration against duplication of new aircraft projects had more political than legal effects.

Mr. Kaufman said that 7,000 workers would be involved directly with the 146 programme, with another 4,000 involved in component companies, and it may be hard for the Commission to rule against State aid for a project which created so many jobs. The Commission said the British Government had approached it for EEC authorisa-

Continued on Back Page

British decision on Airbus "urgent" Back Page

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Excheq. 9½pc '82	£92¼	+ ⅜
Treas. 15½pc 1998	£117¼	+ ½
Assd. Dairies	245	+ 9
BICC	130	+ 8
Bell (A.)	272	+ 10
Boots	227	+ 7
Bourne Hollingsworth	287	+ 14
Brown (J.)	470	+ 14
Burton A	178	+ 9
Clark (M.)	168	+ 12
Findlay (A. R.)	48	+ 5
GEC	310	+ 8
GRE	298	+ 8
Goldrei Foucard	85	+ 22
GUS A	312	+ 10
ICI	400	+ 7
Imperial Group	84	+ 3
Lloyds Bank	285	+ 7
Lucas Inds.	382	+ 11
Marshall's Universal	160	+ 8
Mountview Estates	71	+ 12
Ofrex	105	+ 10
Plessey	106	+ 5
Racal Elect.	330	+ 12
Reed Intnl.	165	+ 7
Sunley (B.)	276	+ 10
Taylor Woodrow	454	+ 12
Trust Houses Forte	224	+ 9
Tube Invs.	400	+ 6
Walker (J.)	123	+ 10
Whittingham (W.)	38	+ 4
BP	894	+ 20
Shell Transport	572	+ 8
De Beers Dfd.	431	+ 13
EZ Industries	280	+ 10
Peko-Wallsend	564	+ 12
Selection Trust	456	+ 6
Union Carpn.	318	+ 13

FALLS

GKN	275	− 4
Pearson Longman	242	− 5

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FEATURES

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EUROPEAN NEWS

French credit threat angers unions

BY DAVID CURRY PARIS, Sept. 5.

THE FRENCH Government's blunt warning that it will punish companies that concede excessive wage increases by cutting off State credit and encouraging competitive imports has infuriated trade union leaders.

They have singled out unemployment as the main theme of their post-holiday return to business and have seized upon the threat, in a letter from the Prime Minister, M. Raymond Barre, to M. René Monory, the Economics Minister, to accuse the Government of being prepared to subordinate all social consideration to the restoration of corporate profitability.

M. Barre has been alarmed by figures that showed a 5 per cent rise in hourly earnings in the second quarter. He insists that the policy of improving the purchasing power of manual workers and those at the bottom end of the wages scale can only be pursued if people above those levels accept an approximate standstill in their purchasing power.

Traditional sanctions against unruly companies have involved refusal of permission to raise prices. But as the ending of price controls is "irreversible," the Government has fallen back on credit. Since semi-official loans through agencies such as the Crédit National and specialised sectorial money-raising bodies form an important element in industrial financing and two thirds of the banking sector is under State control, the Government has the means to make its threats convincing.

The white-collar union, the CGC, has immediately declared that it will not accept a further decline in its members' purchasing power. M. Georges Seguy, the Communist central committee member who leads the CGT union, declared: "There is no base for economic recovery, no retreat of unemployment, no price stability, no reduction in inflation, no rolling back of the crisis, no serious negotiations or real collective bargaining."

The latest warning on wages, he added, was "an intolerable attack on the freedom of negotiations" and would provoke workers into vigorous action.

Even M. Andre Bergeron, the moderate leader of Force Ouvrière, who has shown the most understanding for the Government's economic policy, emphasised the need not to obstruct collective bargaining.

Union discontent is certain to increase if, as expected, tomorrow's Budget foreshadows increases in the prices of petrol, tobacco, road tax and alcohol.

Industry is in a difficult position. The employers' organisation, the Patronat, is attaching great importance to negotiations with the unions on altering unemployment benefits, providing for more flexibile operation of rules on the length of work, and establishing a sectorial basis for wage settlements.

Although it shares the Government's desire to hold down the rise in the wages bill, it would no doubt prefer to have its hands less securely tied as it sits down with unions who will feel honour-bound to probe the strength of the Government's resolution after a spring and summer of unpopular price rises and continued rises in unemployment.

Paris death of leading Communist

By Our Own Correspondent

PARIS, Sept. 5.

M. JEAN KANAPA, the French Communist Party's foreign affairs and defence expert, died today in Paris, aged 56. His death removes from the central committee, which he joined in 1975, a man who had become closely identified with the "de-Stalinisation" of the party undertaken by its leader, M. Georges Marchais.

He was olso an exponent of "socialism in French colours" by which he meant putting French worekers' interests before those of international proletarian revolution. "It is by struggling to put the French working class in power as soon as possible that we fulfil our prinicpal international duty," he wrote.

Like most present-day Communist leaders, M. Kanapa, who joined the party during the war, began his political life as a Stalinist, but over the past few years he has expressed the party's increasing disenchantment with repression in Eastern Europe. Although a former philosophy professor, he had no real affinities with the more liberal, intellectual wing of the party, calling for a more open structure and a clearer repudiation of the Soviet brand of communism.

Although the Communist leadership has apparently ridden the wave of rebellion immediately after the recent elections from liberals and traditionalists, M. Marchais will undoubtedly miss the loyal support his party line generally received from Mr. Kanapa.

'Not guilty' plea at Moscow trial

BY DAVID SATTER MOSCOW, Sept. 5.

MR. JAY CRAWFORD, the representative in Moscow of the U.S. company International Harvester, today pleaded not guilty in a Moscow city court to charges that he bought Roubles 20,000 and other goods on Moscow's black market.

Mr. Vladimir Kiselyov, a checker in a factory, who is accused with Mr. Crawford of currency violations, testified that over a period of several weeks earlier this year Mr. Crawford brought dollars to his apartment and that he delivered the roubles to Mr. Crawford's hotel room or the Moscow offices of International Harvester.

If convicted of the currency charges, Mr. Crawford, who was dragged from his car on June 12 and arrested at a busy Moscow intersection, faces a maximum sentence of 8 years' imprisonment and 5 years' exile. U.S. officials have said they believe Mr. Crawford was arrested in retaliation for the arrest the previous month of two Soviet employees at the United Nations on espionage charges.

Mr. Crawford and Mr. Kiselyov were two of the four defendants who went on trial today on curency charges. The others are Mr. Kiselyov's wife, Lyudmilla, and Alla Solovyov, a cashier at one of Moscow's hard currency stores.

All of the Soviet defendants pleaded guilty and the Kiselyovs, whom Mr. Crawford said did minor tailoring work him, answered "completely" when charges. They are, in fact, asked if they were guilty of the charged — under a different section of the same article — with large scale and repeated currency violations and could receive the dealth penalty.

The Kiselyovs were accused of accumulating a cache of up to $100,000 in hard currency and the indictment in the case mentioned a West German, an Ecuadorean, a Japanese and two Afghans as also having violated currency laws.

Mr. Crawford has been accused of having bought the roubles for $8,300 paying about a fourth of the official rate as well as having bought six samovars.

Access to the courtroom was limited to a few correspondents but when Mr. Crawford appeared during a break in the hearing, he said the case against him was "full of holes."

Greek minister in talks

BY OUR OWN CORRESPONDENT MOSCOW, Sept. 5

MR. GEORGE RALLIS, the Greek Foreign Minister, began talks today with Mr. Andrei Gromyko, the Soviet Foreign Minister, which were apparently aimed at laying a basis for broader relations between Greece and the Soviet Union.

There has been little coverage in the Soviet press of Mr. Rallis's visit but the newspaper Socialist Industry, in a dispatch from Athens, said that Soviet-Greek trade for the years 1973-77 increased from a value of 79.2m Roubles (Y60.5m) to 316m Roubles (£241m) and emphasized that the Soviet side is ready to improve relations.

Mr. Rallis's visit was not seen here as an attempt by the Russians to court the Greeks now that U.S.-Turkish relations are improved. Rather, it is seen as an attempt to balance the recent visit to Moscow of Mr. Bulent Ecevit, the Turkish Prime Minister.

There are several bilateral agreements to discuss and the Cyprus question is expected to be taken up. Mr. Rallis arrived in Moscow yesterday and is expected to leave on Saturday.

Swedish credit for Algeria

STOCKHOLM, Sept. 5.

POST OCH KREDITSBANKEN (PK Banken) has arranged a Kr 410m export credit for Credit Populaire d'Algerie, according to banking sources.

The credit, refinanced through the semi-governmental export credit institution Svensk Exportkredit, relates to a Kr 750m dam and irrigation project in the Cheliff Valley, southwest of Algiers, on which the Swedish trade union-backed construction company BPA Byggproduktion is working.

The sources said the drawdown period is 4½ years, the expected length of the project's construction work, but they declined to give further details on terms.

Reuter

Bomb attack on Italian express

By Paul Betts

ROME, Sept. 5.

POLITICAL TERRORISM has returned to Italy after a brief summer lull. Terrorists bombed the main Rome-Milan railway line between Florence and Bologna last night in what could have been a repeat performance of the explosion on the Italicus express in which 12 people died four years ago.

At the time of last night's explosion the Conca d'Oro express was travelling on the stretch of line which has been the target of five terrorist attacks in the past four years.

It had been diverted to a parallel track because of repair work on the main line. The explosion damaged the engine and smashed carriage windows. The train was carrying about 400 passengers.

No one has claimed responsibility for the bomb so far. But there was speculation today that the attack may mark the beginning of a new wave of terrorist violence.

The Government has reformed its anti-terrorist squad in line with commitments to the parties supporting it in Parliament. The decision was taken after the murder of Sig. Aldo Moro, the former Christian Democrat Prime Minister, earlier this year.

Economy at the crossroads, Page 25

Bonn MPs told of police slip

BONN, Sept. 5.

A PARLIAMENTARY Committee in Bonn heard today how West German police allowed urban guerrillas wanted in connection with the killing of Herr Hanns-Martin Schleyer, to slip through their hands.

Herr Gerhart Baum, the Interior Minister, was giving evidence to the Bundestag's Interior Affairs Committee after police admitted having shadowed three guerrillas who were believed to have been involved in the kidnap and murder of the employers' leader a year ago.

The three, Christian Klar, 26, Willy Peter Stoll, 28, and Adelheid Schulz, 23, were photographed by police as they set o ffon a helicopter flight on August 6. They had made two similar flights, posing as a film crew, over a prison where other alleged guerrillas were held.

Tipped off by a helicopter pilot, the police believed the three were only on the fringe of the guerrilla movement. Only when photographs were developed did they realise they had been watching three of the country's most wanted guerrillas.

Reuter

German banks warn on European monetary plan

BY JONATHAN CARR BONN, Sept. 5.

AS DETAILED talks on the propoed new European monetary system (EMS) get underway in Brussels, the Federation of West German Banks has launched a strong warning of the dangers if the scheme is ill-prepared.

The critique is similar to that emerging from many German sources—not only in the private sector—since the European Council at its July meeting in Bremen laid down guidelines and a timetable for the system.

It appears to have been released now for maximum impact, with the European monetary committee holding talks on the proposed system in Brussels tomorrow and Thursday in readiness for a Community finance ministers' meeting on September 18. Under the Bremen timetable, the new system is to come into effect at the turn of the year.

The banking federation begins by stressing that more currency stability in Europe is a desirable aim. But it goes on to list strict conditions which must be fulfilled if increased inflation, with the attendant risks for growth and employment, is to be avoided.

It insists that the scope for currency support operations and the time-scale for settling obligations must not be too generous. It comes out strongly against the use of a flexible unit (like the European unit of account) as a yardstick for intervention, and opposes the creation of added international liquidity through operation of the planned European monetary fund.

The consequence of non-observance, the federation suggests, could simply be the inflationary financing of erring nations' economic policy failures and one-sided intervention by the Bundesbank which, whatever happens, must not lose control of national money supply.

Those favouring the new European system, including the Bundesbank leadership, are known to be aware of the dangers and determined to avoid them. The same goes for those in government charged with negotiating the details in the coming weeks.

Nonetheless, behind the technical problems raised over the last month or two there appears a deeper concern about the long-term aim of the proposed system and its possible consequences.

It is recognised that the new European monetary unit seems bound to play a wider role than the present unit of account—for example as a reserve medium for settlement between central banks and for provision of credit.

But there is strong opposition to the idea that the new monetary unit could develop into a parallel currency — involving among other things, restrictions on the free convertability of the Deutsche Mark.

Suggestions that such a plan is under consideration in the Brussels commission were investigated by the Bonn Economics Ministry during the summer. It came to the conclusion that if such ideas were being entertained there, it was not—or yet—at a high level.

There are also fears regarding U.S. reaction to the system—despite assurances by the authors of the plan that it is not directed against the dollar, and will, indeed, actually help the U.S. currency.

New Iceland krona rate today

BY JON H. MAGNUSSON REYKJAVIK, Sept. 5.

ONE OF the first official acts of the new left-wing Government in Iceland has been to agree after bickering among the coalition's partners, to a 15 per cent devaluation of the krona. The official exchange rate will be announced tomorrow by the Central Bank of Iceland

The Marxist People's Alliance campaigned in the parliamentary elections last June against the foreseen devaluation. It said it would not take part in any government that began its term by devaluing the inflation-prone krona.

In the end the Marxists consented to a devaluation of 15 per cent although, according to Government economists, the krona should have been devalued by 20 to 25 per cent.

The foreign exchange sections of Icelandic banks will open again for business tomorrow. They have been closed for 10 days.

Their closure has harmed importers but the fishing industry has welcomed the devaluation. Fish exports are expected to bring in badly needed foreign currency to meet ever-increasing wages.

The fishing industry had threatened to close all freezing plants on September 1 unless the Government devalued the krona. The new Government, which consists of middle-of-the-road and left-wing parties, has promised the island's workers that it will maintain the present purchasing value of the krona. Meanwhile it is preparing strict curbs on private spending.

Action will be taken in the next few days to check inflation, now about 45 per cent. The Marxists in the Government, however, are very reluctant to take any such steps, as they might reduce its following among Icelandic voters. Mr. Ludvik Josefsson, leader of the People's Alliance, told journalists this week that he thinks this Government will last only for a few months or until it has acted to correct the conditions that have brought the Icelandic economy almost to a standstill in the past few months.

Norway well promising

BY FAY GJESTER OSLO, Sept. 5.

TESTS OF the first well in a promising new Norwegian block have given results comparable with the best attained on the nearby Anglo-Norwegian Statfjord Field, the licensees announced today.

Statoil, Norsk Hydro and Saga, licensees on block 34/10, said test production had reached almost 1,000 tons of oil a day. The structure also contains gas.

Work on the block's second well will start shortly and a third will be drilled within the next year. By mid-1979 it should be possible to determine whether the find can be commercially exploitable.

Meanwhile, the first four production wells on the Tor Field near Ekofisk, are producing a total of between 9,000 and 10,000 tons daily, twice as much as foreseen by Philips Petroleum, the operator.

Danish VAT rise vote

BY HILARY BARNES COPENHAGEN, Sept. 5.

PRIME MINISTER Anker Joergensen's Social Democratic-Liberal coalition Government seemed certain today of having a majority for a proposed increase in value added tax from 18 per cent to 20 per cent. Until tomorrow's second-reading vote, however, it is not certain how the Government will finance compensation for socially disadvantaged groups.

Originally the Government did not intend to pay compensation, but a revolt in the Social Democratic Parliamentary group forced the change of mind.

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EUROPEAN NEWS

Romania Minister sacked in security shake-up

BY PAUL LENDVAI VIENNA, Sept. 5.

ROMANIA'S Minister of the Interior, Mr. Teodor Coman, was "sacked" today by President Nicolae Ceausescu amid rumours of a major purge in the country's security police. His successor is Mr. George Homostean, formerly Party Secretary of the Alba region and a member of the Central Committee. The curt announcement gave no reasons for the dismissal of Mr. Coman, who was in charge of this key Ministry since March, 1975, and who is a non-voting member of the ruling Political Executive Committee.

The move was clearly the consequence of the recent defection of Lt. Gen. Ion Pacepa, a former Deputy Minister of the Interior, and close adviser to the President. It is now evident that the dismissal of the Minister of Tourism, Col. Gen. Gheorghe Nicolae Doicaru, three weeks ago was also connected with the much-discussed Pacepa affair. Mr. Doicaru was, until December 1977, a First Deputy Minister of the Interior.

Meanwhile, the replacement of Mr. Coman appears to confirm agency reports about a drastic shake-up in the security-military apparatus. Rumours circulating in diplomatic circles in Bucharest suggest that about a dozen high-ranking officers, including two generals of the state security service, were taken into custody after the furious party chief and head of state, Mr. Nicolae Ceausescu, had ordered an investigation.

But the changes indicate that the current purge may involve even more top officials than the spring-cleaning operation ordered after the strikes of miners in the Jiu Valley in August, 1977.

World-wide publicity concerning the defection of Gen. Pacepa at the end of July in Cologne and his subsequent revelations in Washington to the CIA about alleged high-ranking West German spies in Bonn working for the East Bloc, have embarrassed Mr. Ceausescu and also weakened his position vis-a-vis the Soviet Union. Mr. Pacepa is the highest-ranking security police official to defect from the Soviet Bloc to the West since the war. Only a few days ago, in a message marking the 30th anniversary of the founding of the state-security service, President Ceausescu referred to people "willing to betray their country for a handful of silver," and demanded "increased vigilance."

Mr. Homostean, the new security service chief is the fifth Minister of the Interior Romania has had in just over six years. As his predecessor, he, too, has spent his entire career in the party apparatus.

The state security service was merged with the Ministry of the Interior in April, 1972. The last radical re-organisation of the Ministry was carried out only in March this year. Romania is believed to have the largest security apparatus in Eastern Europe, second only to the Soviet Union.

Meanwhile, the defection of Lt.-Gen. Pacepa has subjected Romanian-American relations to serious strains. President Ceausescu visited Washington in April this year. Romanian officials confidently predicted a visit by President Carter, his first to Romania for next spring.

The persons so far affected by the purge belonged to the small circle of the Romanian President's closest advisers. Reports concerning the alleged disappearance of the First Deputy Prime Minister, Mr. Ilie Verdet, are, however, apparently untrue. Mr. Verdet participated at all official functions during Chairman Hua's visit to Bucharest last month. But the Romanian leadership has clearly embarked on a major purge which may lead to further top-level changes and wide repercussions.

Orders for German industry fall

By Jonathan Carr

BONN, Sept. 5

OVERALL DEMAND for West German industrial goods dropped slightly in July against the previous month — but was markedly stronger than in July last year.

Provisional figures released today by the Economics Ministry show that orders to manufacturing industry — seasonally adjusted — fell in July by 0.5 per cent against June.

The cause was a noticeable fall in foreign demand, with orders from abroad down by 2.5 per cent while those at home rose by 0.5 per cent.

A two-month comparison covering June-July against April-May shows a similar development, with domestic demand — especially for consumer durables — helping compensate for a flaccid foreign market.

It is too soon to tell whether this pattern will hold good for the whole year. But it is worth noting that the latest survey of business opinion published by the IFO economic institute, covering July, found many industrialists more encouraged about export prospects than they had been in earlier months.

In a year-on-year comparison—to be made with caution since the 1977 figures were particularly low—the July order figures convey a picture of relatively buoyant demand.

Total industrial orders in July were up by 9.2 per cent against July 1977, with orders for consumer durables higher by 11.4 per cent and those for capital goods by 7.9 per cent.

Meanwhile, latest unemployment figures released today showed the jobless total up in August from July by 1,700 to 924,000—but down against the 963,500 registered in August, 1977.

The Federal Labour Office expects the jobless total this month to be lower than in August — and believes the average for 1978 could be slightly under 1m.

● Count Otto Lambsdorff, the Economics Minister, said toody that 1978 economic growth should be between 2 and 3 per cent, compared with the 3.5 per cent growth forecast in the Government's annual January economic prognosis, reports AP-DJ.

Count Lambsdorff said the 2 to 3 per cent growth presupposes a continued rise in the economy for the rest of the year.

Speaking to customers of Suedwestbank, he said the perspective for the remainder of this year calls for expectation of a slightly improving economic picture.

Andreotti to see Juan Carlos in Madrid

BY DAVID GARDNER MADRID, Sept. 5.

SIG. GIULIO ANDREOTTI, the Italian Prime Minister, arrived here today on a two-day official visit. He will have talks with Sr. Adolfo Suárez, the Spanish Premier, and be received by King Juan Carlos.

The visit is regarded here as the continuation of the high-level contacts between the countries begun by Sr. Suárez's visit to Rome last September on a tour of EEC capitals, and aimed at building support for Spanish entry into the Community.

Italy is regarded as a firm supporter of Spain's candidature, although Italy's blocking of new concessions to Spain on agricultural produce, under the terms of the 1970 preferential trading agreement with the Community, is treated with reticence.

That opposition, or the Italian explanation of it as part of a design to reform the Common Agricultural Policy, contrasts favourably with the outright hostility of M. Chirac's neo-Gaullists or of the French Communist Party.

Little is expected from the visit except a reaffirmation of Italian support for the Spanish candidature and perhaps a commitment to increase commercial links between the nations, although that would take the form of a statement of intent, since Sig. Andreotti is travelling practically alone. Last year Italy exported goods worth $845m to Spain and imported goods worth $523m.

Spaniards face austere autumn

BY ROBERT GRAHAM IN MADRID

SPANIARDS traditionally overspend on their holidays then resign themselves to three months austerity to cope with the accumulated bills. Now, as the holiday season is over, those who have overspent face a particularly uncomfortable autumn, for after a first half year in which inflation was kept under control, all the indicators point to a sharp upwards movement in prices.

In July, the last month for which figures are available, the Consumer Price Index rose 2 per cent—the highest rate of any individual month this year. Prices are believed to have risen above the previous trend last month, too, though not as far as in July.

This month the public is being faced not only with the traditional shopkeeper's practice of autumn price readjustments after the summer break, but also with a series of significant increases. For instance, milk prices paid to the producer will be going up 7 per cent, and, those paid by the consumer will probably rise by more; new cars will cost between 8 and 10 per cent more; school textbooks are up 12 per cent; domestic appliances are expected to cost over 15 per cent more, and university fees are up 26 per cent. These are just some of the more publicised increases.

The Government's carefully laid objective of cutting the annual inflation rate from 1977's 27 per cent to 16 per cent this year is being eroded. This in turn is likely to complicate the delicate process of negotiation both between the Government and the main opposition parties and between the trades unions and the employers association for a renewal of the Moncloa pacts—the package of economic and political measures agreed last October and which expire in just over one month.

The main cause for the increase of the Consumer Price Index in July was a 3.8 per cent jump in foodstuffs. The Government has been sufficiently concerned by this rise to hint that food prices may have to be frozen for the rest of the year. More important, officials have let it be known that a range of energy price increases previously planned for the autumn will almost certainly be postponed. Increased energy prices are an integral part of the ten year energy plan for 1977-87, which was drawn up earlier this year, but which has still not been approved by Parliament.

Industrialists, already having to absorb higher overheads, have been fighting a rearguard action to prevent fuel oil price increases. The Cement Producers' Association has been trying to show in press advertisements that Spanish fuel prices are within the European norm. Conscious of the extra burden on industrial overheads, and realising that increased energy costs will be quickly passed on to the consumer, Government officials appear willing to put off an increase at least until the end of the year.

The Spanish Government's carefully laid objective of cutting the annual inflation rate from 1977's 27 per cent to 16 per cent this year is being eroded and this in turn is likely to complicate the delicate process of negotiation both between the Government and the opposition and also between the trades unions and the employers' association.

Yet even with such measures there appears to be a general admission that inflation this year cannot be kept below 18 per cent, and officials are saying somewhat philosophically that Spain will have to set itself more realistic targets for reducing inflation. They envisage a timescale of nearer to four years (since October, 1977) instead of two years as originally hoped. The feeling was summed up by one senior official who said "to reduce inflation from 27 per cent to 18 per cent in one year may not have been our target but it is not something to be ashamed of."

Such a cut in inflation is an achievement but the way in which it has been achieved suggests a certain fragility. The two main instruments have been wage restraint and a tight control of the money supply. Despite one or two hiccups the guidelines of monetary policy, limiting the increase in money supply to an average 17 per cent, have been, and are still being, observed. Equally the wage ceiling of 22 per cent has been observed, largely because the infant trades union movement at a time of recession has preferred to preserve jobs than argue about wages.

With the tax system in the process of being overhauled, the authorities have been obliged to lean heavily on monetary measures. This reliance on the monetary weapon, coupled with a continued lack of confidence by the private sector, has resulted not only in a continuation of the recession but also in it biting deeper than expected. By now the authorities had hoped to see positive signs of recovery but, such as there are seem merely technical (for instance stocks are being built up, merely to retain minimum strategic levels). No one believes that the upward trend in unemployment can be checked and even official estimates now put it at the 1m mark.

On the one hand therefore the Government has to consider some form of reflation, albeit mild. On the other hand, it has to carry out such stimulation without squandering the benefits achieved. The main examples of these benefits are the strong external position, symbolised by the $9bn record level of reserves, and reduced inflation.

In this respect, wages policy is going to be crucial. The Government would like to contain wage increases to between 10 and 12 per cent next year. Economically this may be easy to accept, but it will be hard to sell in political and social terms. Last October, the economists in the Government argued that 17 per cent should be the maximum permitted ceiling for wage increases (this would have kept wages more or less in line with inflation). They were overruled in what was an essentially political decision so that wages this year—even on projections of an 18-19 per cent inflation rate—will have outpaced prices. Now the authorities want to limit wage increases to below the annual rate of inflation.

With discussions on this issue just getting under way one can offer only pointers on the outcome. This time employers and the unions will be directly involved (they were excluded from the Moncloa Pact discussions last year). This should help to create a better mutual understanding and the employers are expected to press the point that high wage demands will be counterproductive, stretching the poor existing cash flow positions of the majority of industry. Secondly, the Government is likely to offer a sweetener in the form of a major new programme of public sector investment to ease unemployment. But the imponderable question is how long the political consensus among the main political parties can last. Last year it became the basis for the Moncloa Pacts. Since then both the political and the economic issues have become more complex. With a general election possible early next year, considerations of party politics may well override the consensus.

Dutch spending cuts 'too small'

BY CHARLES BATCHELOR AMSTERDAM, Sept. 5.

THE DUTCH Government's plan to cut public spending by Fl 10bn (£2.4bn) over the next three years do not go far enough, the major employers' organisations said. Public sector spending must be cut by an extra Fl 2.5bn (£480m-£1.2bn) over the three-year period, while an extra Fl 1bn (£240m) a year should be set aside as a reserve, they said.

These are the major elements in a 48-point plan, Course for Recovery, put forward by the seven largest employers and small business groups in Holland. The employers' claim that the Government's proposals do not go far enough follows the unions' reaction that the cuts are too far-reaching.

If companies are to be given the necessary room to increase profitability, while at the same time the purchasing power of the worker on Fl 30,000 (£7,000) a year is to be maintained, the growth of public spending must be curbed even more severely than is now planned, the employers said.

By how much would depend on the extent to which the Government was prepared to increase its borrowing requirement? This will become clear only when the 1979 budget is presented to Parliament later this month.

The Government's plans depend on a number of uncertainties, the greatest of which is growth of world trade. If trade grows by only 1 per cent less than is now forecast the Government's calculations will be invalid, the employers said.

For this reason an "emergency brake" of Fl 1bn should be set aside each year. Only if spending and growth targets in the year are not attained could it be drawn down to allow a lowering of taxes or social security premiums.

The employers are opposed to the view that workers or the State should have a greater say in the management of companies in return for Government aid programmes. Employees benefit from a healthy business climate in the form of sufficient employment and welfare provisions.

Paris talks

MR. WILLIAM RODGERS, Secretary of State for Transport, will meet M. Joel Le Theule, the French Minister of Transport, in Paris today for an informal discussion about inland transport issues of interest to the two countries.

Rig visit prize

BP IS OFFERING motorists at most BP petrol stations the chance of winning a trip to a North Sea oil rig. The trip, plus £1,000, is the first prize in a competition to mark the flow of 500,000 barrels of oil a day from the company's Forties Field.

OVERSEAS NEWS

Lesson for China in a vacuum flask

By John Hoffmann

PEKING, Sept. 5.

ONE OF the strongest first impressions China makes on visitors concerns the ubiquity of the vacuum flask. It stands, filled with hot water, in every hotel room, in every family's kitchen, on every office worker's desk. It is presumably concealed somewhere in every truck or bus driver's cab and is likely to be the only luggage carried by the myriad cyclists who pedal to and from work each day.

The average Chinese does not like to be too far away from his cup of tea, or, for the many who cannot afford tea, hot water, and the vacuum flask is everyman's assurance that the cup will brim all day long.

Chinese vacuum flasks are inexpensive, work well, and all look as though they were made 40 years ago. Their exteriors are functional, uniform cylinders of aluminium surmounted by screw-on metal cups. Handles are riveted to the sides. Lurid flowers, fish or fowl embellish the result.

Sheng Chi-You, a Peking citizen who is as fond of his hot water as the next fellow, is fed up with the unimaginative sameness of vacuum flasks. This week he wrote to the Communist Party newspaper, People's Daily, to complain about China's failure to improve the design of that simple commodity.

"At a commodity exhibition I saw a vacuum flask made in a foreign country," he wrote. "When a tap on top was pressed, hot water would flow automatically without the need to pick up and tilt the flask.

"I could not help recalling my 11-year-old child Every time he picks up a vacuum flask I warn him to be careful not to scald himself with hot water. And I remembered that when I was his age my parents, too, always gave me the same warning."

Mr. Sheng reminded readers that it was permissible these days to admit that foreigners did some things better than the Chinese. Chairman Mao Tse-Tung had laid down the principle of making foreign things serve China, he said. The exclusion of foreign science and technology was not good Marxism any more than blind imitation was.

Mr. Sheng's letter went on: "Our minds should be broad and bold. We should learn advanced techniques from foreign countries and import them courageously."

He chided his fellow Chinese for the conceit that prevented many of them from acknowledging the superiority of many foreign products.

His letter illustrates China's newly formulated determination to avail itself of the best that the rest of the world has to offer.

China's plan to catch up with developed nations by the end of this century means giving freedom to a formerly suppressed appetite for foreign technology and expertise. The Peking Government is in the market for foreign expertise in industrialisation and agricultural modernisation.

China is eager, too, to improve the quality of consumer goods. That means that, in time, Mr. Sheing will probably get his push-button vacuum flask.

INDIA'S FLOODS

Two million homeless in W. Bengal

CALCUTTA, Sept. 5.

INDIA'S WORST monsoon flooding in years created chaos today as it drove 2m people from their homes in the state of West Bengal and forced the evacuation of hundreds of thousands in the New Delhi area.

The death toll was reported in the hundreds.

At Haur railway station in West Bengal, angry flood victims blocked the track and held up the Ispat Express from Calcutta demanding food and boats to rescue their families from tree tops.

They told a reporter aboard the train that they had been without food for the past three days and no rescue boats were sent.

"Since the Government is not taking any action to supply us food, we have been forced to adopt this measure for drawing its attention," one said.

In three districts southwest of Calcutta, air force helicopters and army boats continued to pluck people from trees and rooftops.

Officials said it was impossible to give a definite death toll or damage estimate, but newspapers and news agencies have placed the number of dead at several hundred.

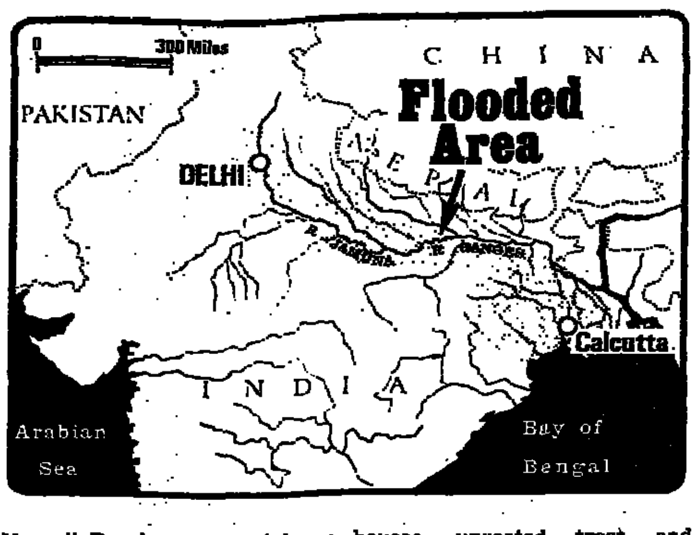
Refugees poured into the small town of Panskura, about 50 miles south-west of Calcutta, some on rafts made of banana trees and others wading through shoulder-deep water carrying belongings above their heads.

Although the West Bengal Government said large quantities of relief supplies had been rushed to the flood-stricken areas, one Government relief officer said the food had run out.

Local schools converted into temporary shelters overflowed with refugees. Some slept along the road only yards from flood-waters that were still rising towards Panskura.

Lack of drinking water posed a serious problem in the refugee camps and marooned villages to which supplies were being dropped from the air.

A Government doctor said he had treated several people for dysentery and could not rule out the possibility that cholera would develop.



In New Delhi, 800 miles to the north-west, more than 1,000 soldiers mounted a huge rescue operation to move about 400,000 people marooned in outlying villages and suburbs.

The raging waters of the Hamuna river reached their highest point ever and hundreds of houses were submerged in one middle-class suburb.

"The city faces a night of crisis," said the capital's Lieutenant-Governor, D. R. Kohli, who later joined Prime Minister Morarji Desai on an aerial survey of New Delhi.

Officials said more than 200,000 people in the old city of Delhi had been moved to safer ground and 44 refugee camps had been set up.

One tragedy occurred when a rescue boat capsized in a village in northeast Delhi, killing 20 people.

A reporter who flew over the city and surrounding countryside described a pathetic scene of collapsed and submerged houses, uprooted trees and marooned people waving for help from rooftops.

With the Jamuna river transformed into a vast lake more than two miles wide, some refugees panicked and overturned rescue boats as they jumped into them. One soldier was drowned.

At the Kashmiri gate in the old part of Delhi, troops feverishly piled sandbags to keep the flood waters out of the area.

Reuter

Moscow 'sending arms to Hanoi'

BANGKOK, Sept. 5.

CAMBODIA accused the Soviet Union today of sending military and civilian technicians to help Vietnam in the border war between the two south-east Asia neighbours.

A statement by a senior official of the Information and Propaganda Department said the Russians had also supplied Hanoi with weapons and ammunition. The statement, quoted by Radio Phom Penh and monitored in Bangkok, said Moscow was using Vietnam to threaten Cambodia so as to expand its influence in the area and in the whole of Asia.

The Cambodia-Vietnam border war has been going on since April last year. China yesterday reaffirmed support for Phnom Penh during a visit to Peking by Mr. Nuon Chia, chairman of the Cambodian People's Assembly.

Meanwhile, in the continuing dispute between Hanoi and China over ethnic Chinese leaving Vietnam, China has accused the Vietnamese of blocking a railway border crossing between the two countries. The New China News Agency said the Vietnamese had blocked a bridge at the Friendship Pass with a railway wagon and barbed wire.

Negotiations between the two countries on who is to blame for the reported exodus of 160,000 Chinese from Vietnam are expected to resume shortly. No progress has been reported in the four rounds held since the talks began on August 8.

Fifty-four Vietnamese Catholic refugees rescued by a ship in the South China Seas were landed in Singapore today. Some were too weak from hunger to walk down the gangway

The 54, including 19 children, are survivors of a group which left Vietnam in a boat on August 4. Twenty of their number died of hunger, dehydration and disease before the rest were picked up by a merchant vessel.

The U.S. embassy in Singapore has said that if no other country accepts the refugees within 90 days, the U.S. will admit them on special humanitarian grounds.

Reuter

China-Vietnam rift, Page 30

S. Africa's divided Cabinet debates UN Namibia plan

BY QUENTIN PEEL

JOHANNESBURG, Sept. 5.

SOUTH AFRICA'S Cabinet met today to complete its response to the UN proposals for a ceasefire and elections in the disputed territory of Namibia (South-West Africa), but declined to disclose its decision.

Meeting after strong objections had been made to the UN plans in New York by Mr. R. F. Pik Botha, South Africa's Foreign Minister, the Cabinet declared that it reserves its right "to take a final decision in the light of further developments."

In spite of the hostile tone of South Africa's initial response, Western dipolmats are hoping that Pretoria will be prepared to compromise in the hope of achieving a peaceful settlement.

The South African Government is known to be deeply divided on the issue, with a rearguard arguing that the whole Western initiative on Namibia, which has won broad approval both from South Africa and the nationalist South-west Africa People's Organisation (SWAPO), should be ditched.

Mr. P. W. Botha, Minister of Defence and a known hardliner, took the chair at today's meeting, in the absence of Mr. Vorster, the Prime Minister who is recovering from bronchitis. Mr. Botha said the Prime Minister was being kept informed of all discussions and developments.

South African objections to the UN proposals centre on three areas: The size of the UN military peace-keeping force to be installed in the territory; the timetable for elections and subsequent independence; and the establishment of a separate UN police force to supervise the activities of the South African police.

The UN proposal is for some 7,500 troops to be sent to Namibia. No number was mentioned in the carefully drafted Western proposals which Pretoria accepted, but it is understood that a figure of some 3,000 was used in discussions. South Africans say that the presence of so many more troops would have a one-sided psychological effect on the elections, because the UN troops would be presented by SWAPO as having driven out the South African forces, and the credit would therefore go to the nationalists.

The UN timetable is at variance with the Western proposals, if only because the whole programme has been delayed by negotiations. Dr. Waldheim is proposing that the seven-month process envisaged by the Western plans—three months for troop withdrawals, and four more for elections—should be adhered to, even if it means failing to meet the original South African deadline for independence by December 31. Mr. Pik Botha is apparently now prepared to accept some slippage, but is still arguing for elections before December 31.

On the issue of the police force, the South Africans argue that no such thing was mentioned in negotiations with the Western powers. The maintenance of law and order was to be left in the hands of the South African police.

Mr. Botha is unlikely to make an early disclosure of how far he is prepared to compromise on any of these issues. If he gives way too readily he will not only run foul of conservative political thinking in South Africa, but could undermine the position of Pretoria's closest allies in Namibia itself — the tribally-based Democratic Turnhalle Alliance. That organisation is pressing for early elections, because it is already committed to an extensive electoral campaign, and is unlikely to be able to maintain its momentum

Western officials still believe that South Africa is too far involved in the process to back out. Moreover, the likely threat of full UN sanctions in the event of South Africa's pursuit of a unilateral solution, is one which the Pretoria Government is not ready to face.

If South Africa can win some quid pro quo which would help to guarantee the effectiveness of any ceasefire on the border, it would certainly help to win greater support here for the UN/Western proposals.

Force sent to Saudi Arabia

By Ihsan Hijazi

BEIRUT, Sept. 5.

PAKISTAN HAS sent troops to Saudi Arabia to help it in a possible confrontation with the Marxist regime in Southern Yemen, according to Press reports in Beirut today.

The Left-wing daily As Safir quoted Arab diplomatic sources close to the Government in Aden as saying that the Pakistanis have already taken up positions

Another newspaper here, the independent daily An Nahar, said the situation in Southern Arabia was highly explosive

Somalia expands forces

BY JAMES BUXTON

SOMALIA DRAMATICALLY increased its armed forces to fight the nine-month war with Ethiopia, which ended last March, but the war cost it most of its tank force and more than half its combat aircraft.

The Military Balance 1978-79, produced by the International Institute of Strategic Studies, says that Somalia has 50,000 troops, compared with 30,000 in the middle of last year and 22,500 in 1976.

Somalia has also increased its People's Militia from 2,500 to 20,000 since last year.

According to the institute, Somalia's tank force has fallen from 300 a year ago to 70, and the number of its combat aircraft from 55 to 25. Spares are few and not all the equipment is serviceable.

Ethiopia, however, has 654 tanks, compared with 140 a year ago, and 95 combat aircraft, compared with 35. That is mainly because of last winter's Soviet resupply operation.

In the past year it has increased its regular army from 50,000 to 90,000, while the People's Militia increased from 75,000 to 100,000, with another

The Military Balance (1978-79), published by the International Institute of Strategic Studies, 18 Adam Street, London, WC2, £3.

Shah to visit East Europe

TEHRAN, Sept. 5.

THE SHAH of Iran will make official visits to Romania and East Germany next week. The trips were confirmed as political violence in Iran eased.

Iranian politicians and newspapers hailed a big "peace march" in Tehran yesterday as a hopeful sign for an end to clashes between security forces and demonstrators.

But while demonstrators garlanded troops and police with flowers in the capital, 10 people were reported killed in clashes between security forces and crowds in three other towns.

Reuter

SRI LANKA'S NEW CONSTITUTION

Free of the 'whims of Parliament'

BY MERVYN DE SILVA IN COLOMBO

ONLY SEVEN months after Sri Lanka broke with her British parliamentary traditions, the island emerges on Thursday in a new titular splendour as the Democratic Socialist Republic of Sri Lanka.

The new constitution represents a consolidation and enhancement of the powers which Prime Minister Junius Richard Jayawardene acquired on February 4th as the country's first Executive President.

Under the new measures the switch to proportional representation guarantees that no party will win a two-thirds majority. If P.R. had been in operation at the general election last year the ruling United National Party which polled a record 51 per cent would have won only 93 seats instead of the 139 or five-sixths majority it commands today. "This is constitutional change" says the Socialist Party leader Dr. N. M. Perera "to end all constitutional change."

By-elections have been abolished. If an MP dies his party chief will name his successor. Any defector automatically loses his seat. Thus the present complexion of the assembly cannot be changed until the next election in 1983.

The President can appoint and remove any minister while he himself can choose to hold any portfolio. He can also dissolve Parliament at will. With the reconstitution of the Supreme Court and the creation of a new appeal court, seven supreme court judges last week found their occupations gone. Since Mr. Jayawardene can hold office until 1984 (a date which some of his opponents find quite ominous) all this makes his position as party boss, President and head of cabinet impregnable.

Mr. Jayawardene has been given the rare satisfaction of a personal vision fulfilled. With a consistency amazing in a 72-year old parliamentarian he has argued always for a strong executive. Five years ago he actually offered Prime Minister Bandaranaike this self same solution and Premier R. Premadasa recently reminded her that if she had had the sagacity to accept the invitation she would have been the first President.

Mr. Jayawardens' offer came soon after the island's entire establishment was shaken by a bloody insurrection among Sri Lanka youth. But Mrs. Bandaranaike's left-wing allies saw the move as the shrewd manoeuvre of a staunch anti-Communist seeking to halt a leftward drift of a centre-left coalition by replacing it with a centre-right coalition.

Mr. Jayawardenes argued the same case ten years earlier as deputy premier. He was clever enough to see the signs of future economic troubles. In the mid-sixties the question was being asked how long Ceylon could preserve her unique welfare system and pluralist democracy. His consistent answer was a centralised executive which free of the "whims and fancies of Parliament" could take "correct but unpopular decisions."

Now he has had his way. The subsidies are being removed. The rupee has been devalued, imports liberalised, market forces given free rein and the island opened to foreign investment. The November budget will probably bring wage increases but not before new austerity measures. State ventures are being restructured and private enterprise actively encouraged. A new tax structure will be announced soon.

As prices soar and all efforts to grapple with the gigantic unemployment problem (20 per cent of the workforce) produce no quick or dramatic results, rank and file disappointment spreads. Popular resentment has been sharpened by new style conspicuous consumption. London's department stores and Singapore's change alley, the dream world of Sri Lankan upper class, have been recreated in Colombo like some lavish stage set. The vast majority can only afford to gaze enviously at shop windows and full page advertisements.

Opposition propaganda parades new foreign devils and the IMF and IBRD are also familiar demons. The opposition however is incapable of concerted action. This is the government's greatest advantage. Mrs. Bandaranaike and her former socialist and CP allies keep snarling at each other. Though her Freedom Party retains considerable rural support the silence of this silent majority is assured until 1983. Sensing this inherent weakness, she recently addressed a Colombo rally to denounce the constitution in the unusual company of assorted young leftists. Each day Press and radio treat the people to fresh scandals about her seven-year regime. These exposures before a presidential commission will keep her and many party stalwarts busy over a few more monsoons.

Opening a new campus Mr. Jayawardene asked students to live by the motto of his alma mater, Royal College: "Learn or depart." A lecturer and several student activists have been forced to depart for hoisting black flags. The army has been on alert since last Monday in case of any disturbances.

The trade unions could be the only unmanageable factor. In the face of a united protest, the government beat a tactical retreat on a White paper on unionism, and fears that there would be constitutional restrictions on union activity have proved groundless.

Next month the government returns to the attack with another Bill on a contract of employment.

Meanwhile new left groups have seized many trade union bases of the traditional left and with it the initiative. A one-day general strike is being called on September 28 to demand pay increases and restoration of subsidies.

Everybody from highest Buddhist prelates, Christian, Hindu and Moslem dignitaries to expatriate academics on holiday have praised the new chapter on fundamental rights. It is certainly wider in scope than before and has been made justiciable. There are serious restricitions nevertheless in the interests of security and national unity.

P. R. could make future parliaments reflect electoral opinion better. Yet this might be achieved at the expense of smaller radical parties which cannot win 12 per cent of the poll. According to Dr. Colvin de Silva, former Constitutional Affairs Minister, Parliament has been "devalued."

Protests from all quarters prompted the government to withdraw a section that virtually outlawed all criticism of the constitution. Since then, opposition attacks have centred on the extraordinary safeguards for foreign investment and for economic agreements with other governments. Though Mrs. Bandaranaike drafted a foreign investment guarantee law, too, she said that these concessions amount to an erosion of sovereignty and a sellout to transnationals.

Presiding over a seminar, Father Tissa Balasuriya, a leading intellectual of the Catholic Church called Thursday's operation "a constitutional coup d'etat." But the multinationals and agribusiness have been very slow in coming. While the state-controlled media may be guilty of propagandist overkill, the opposition seems to have responded with exaggerated dread.

AMERICAN NEWS

Banks must disclose more information on profits and loans

BY STEWART FLEMING

NEW YORK, Sept. 5.

THE SECURITIES and Exchange Commission has adopted new rules requiring bank holding companies to give shareholders more details about the profitability of their foreign operations and about certain loans made to directors, officers and larger shareholders.

The latter provisions stem directly from the controversy last year which erupted over loans and overdrafts drawn by Mr. Bert Lance, the former Budget Director in the Carter Administration, and his family from a bank in which Mr. Lance was an officer and where his family had significant shareholdings.

Under the SEC rules, disclosure will be required of any borrowing in excess of $500,000 or 2.5 per cent of holding company and subsidiary capital, whichever is the lower.

Under the provisions for more disclosure of foreign operations, bank holding companies coming under the SEC's accounting regulations will be required to break out revenue and net income from foreign lending, as well as any allowance for foreign loan losses if foreign business accounts for 10 per cent or more of assets, revenue or income.

A loan will be classified as foreign or domestic depending on where the borrower is domiciled and not, for example, by where the loan is made.

Banks in the U.S. already have to provide shareholders with much more financial information than is normally required in most other countries. Typically a major bank will for example give average balances, interest rates paid and interest yields on its foreign and domestic operations, breaking the domestic operations down by different sectors such as commercial loans, real estate loans and consumer loans.

The SEC regulations apply to bank holding companies, which come under SEC accounting regulations. Banks as such are regulated by other agencies such as the Comptroller of the Currency, Federal Deposit Insurance Corporation or state banking regulators.

The SEC has estimated that more than 400 bank holding companies could be covered by the new rules, although many of these will not have enough foreign business to come within the disclosure rules. The major U.S. banks, however, many of which earn as much as 50 per cent of net income and more from foreign operations, would be covered.

U.S. rules eased for Pan Am

By Our Own Correspondent

NEW YORK, Sept. 5.

THE CIVIL Aeronautics Board has given Pan American World Airways temporary authority to carry domestic passengers on three U.S. sections of its international flights.

The move comes in the wake of Pan Am's announcement that it is reconsidering a $300m bid for a major U.S. domestic carrier, National Airlines. The Boards of both Pan Am and National Airlines are meeting today to examine the proposal formally.

The CAB decision is being seen as a further indication that the CAB would prefer to see Pan Am strengthen its U.S. domestic route structure by expanding its own operations.

Historically Pan Am has been primarily an international air carrier and has been blocked in its attempts to expand its domestic routes. Its entry into the battle for control of National Airlines, in the face of a bid for National from Texas International Airlines, is aimed at giving Pan Am a large ready-made network of domestic routes.

The CAB's decision gives Pan Am permission to carry domestic passengers between Houston and San Francisco, Miami and Los Angeles on flights coming from, or going to, Tokyo, Hawaii, the South Pacific and Rio de Janeiro.

Nicaraguan businessmen released

BY JOSEPH MANN

MANAGUA, Sept. 5.

THE GOVERNMENT of President Anastasio Somoza in Nicaragua today announced that it had released 70 persons out of several hundred picked up in police raids over the last three days. Beginning on Saturday, police and National Guard units initiated a wave of arrests in attempt to intimidate supporters of a national, anti-government strike now in its second week.

Informed sources said that the persons released from jail yesterday included businessmen and political leaders. The Government maintains that those still under arrest are criminals who were throwing bombs and setting up barricades in poor sectors of the capital and other cities. tails in a Managua slum.

Also, the Government has reinforced anti-terrorist patrols in the capital. Strike organisers assert that this is directed at harassing businessmen and workers now on strike, and at blocking further support for the action.

Banks, petrol stations and public transport continued to function at near-normal levels today, and are the only impediments to a total cessation of commercial activity.

Employees at one of the largest commercial banks, Banco Nicaraguense, yesterday shut down the main office in Managua. But most foreign and domestic banks here have remained open.

Meanwhile, leaders of the Nicaraguan Conservative Party have said that a moderate "national government" must be formed by the non-belligerent opposition here in order to avoid plunging the nation into a civil war.

The party said that constitutional mechanism already existed by which Congress could choose a temporary president, who would remain in office until 1981, and allow the country to make a transition from the presidency of Gen. Somoza to a popularly elected regime.

The government has been battered recently by a big guerrilla operation in the capital, a rebellion in the provincial city of Motogalpa, and the strike.

In another news conference, the Nicaraguan Development Institute (INDE), an association of some 700 businessmen, said that a political solution must be found somewhere between the "oppression of the Somoza family" (which has been in power for 45 years) and a Communist dictatorship. The living conditions of a majority of the population, INDE directors said, "are socially and politically explosive" and demand a change in Government so as to offer a democratic alternative.

The Human Rights Commission here said that the weekend raids made by the Guard included the capture of an undetermined number of women. Sr. José Esteban González, director of the Commission office here, explained that the National Guard, the police-cum-army, frequently arrests women, or other members of families, when the individuals they are seeking cannot be found.

● The Central Bank of Nicaragua revealed that it had pumped 100m Cordobas (about $15m) into local commercial banks. It is estimated that the equivalent of some $20m were withdrawn from the Nicaraguan banking system during the last two weeks.

Air Canada resumes operations

By Robert Gibbens

MONTREAL, Sept. 5

AIR CANADA has resumed full operations after reaching a tentative labour agreement with 7,000 ground workers, with the help of Mr. John Munro, Federal Labour Minister.

The airline had been grounded since August 25 and the company claims that the costs have been between C$25m and C$30m (between £11m and £13m). Passengers stranded in Europe are being given priority.

Ratification is due to be completed this week at locals (branches) across the country of the International Machinists. Details of the settlement were not officially disclosed. The machinists had already turned down a 25-month contract endorsed by most of their leaders. There is no certainty of ratification of the new agreement because the militant Montreal local may recommend rejection.

The new contract, it is believed, runs for 24 months and refers a contentious job-classification issue concerning cargo handlers to a union-management committee.

Earlier, Air Canada settled with its pilots, but will face more trouble with its flight attendants, who are seeking a 10 per cent increase, plus cost-of-living bonus over one year. Mediation efforts have been broken off.

Mexico announces discovery of further oil fields

BY WILLIAM CHISLETT

MEXICO CITY, Sept. 5.

PEMEX, the Mexican State-owned oil company, has discovered what it believes to be potentially rich oil fields in the south-east of the country, near the frontier with Guatemala.

The oil is said to be under an area of 3,000 square kilometres, and with reserves which could be similar to those in the Reforma field in the State of Chiapas, presently the richest in the country. In Reforma, more than 800,000 barrels of crude a day are being produced, out of the 1.4m b/d which are being produced in Mexico as a whole.

Pemex is working in the new area, which is in the southern extremities of the States of Chiapas and Tabasco, with the U.S. company Geosource, which is supplying electronic equipment, and the Mexican companies Casa and Conesa. About 1,200 people are working there under difficult climatic and topographical conditions, further hampered by sporadic attacks from guerrillas said to come from Guatemala. The workers have been guarded by Mexican troops.

The teams have come under attack since last October. Some of the deepest fields are said to be in Guatemala.

Last week, the Mexican President, Sr. José Lopez Portillo, said that the potential reserves of crude oil and natural gas in the country had gone up from 120bn barrels to 200bn, making Mexico a potential world giant in oil.

The Pemex director, Sr. Jorge Diaz Serrano, said yesterday that Mexico would probably increase the price of its exported crude oil for 1979. At the moment, it sells each barrel for $13. Sr. Diaz Serrando said that a "moderate" increase was desirable, in order to off-set the decline in value of the dollar. Mexico is not a member of OPEC.

U.S. officials to discuss arms limits in Moscow

BY DAVID BUCHAN

WASHINGTON, Sept. 5.

HIGH-LEVEL meetings in Moscow and Washington will be hel dthis month to try to resolve outstanding differences on the proposed SALT II teraty to curb U.S. and Soviet nuclear arms levels. The bulk of th treaty has already been drafted and agreed.

Discussions by U.S. officials, led by Mr. Paul Warnke, director of Arms Control and Disarmament Agency, in Moscow on Thursday and Friday are to pave the way for talks later this month between the Soviet Foreign Minister, Mr. Andrei Gromyko, and the Secretary of State, Mr. Cyrus Vance, in Washington.

If all the loose ends could be tied up this month, President Carter and Mr. Leonid Brezhnev could probably meet to sign the agreement by the end of the year. But officials describe the remaining issues as difficult. They include, principally, the permitted range of Cruise missiles deployed and tested by the U.S. during the life of the protocol accompanying the agreement, the duration of the protocol itself, and limits on the Soviet Backfire bomber.

The Cruise ranges have been agreed: no Cruise missiles of more than 600 kilometres range can be deployed except on aircraft, and no Cruise missile of a range more than 2,500 kilometres can be tested. The remaining argument turns on whether the agreed ranges should measure distance as the crow flies or according to the zig-zag route of the Cruise.

The Russians want the protocol to run for a full three years, while the U.S. wants it to end in 1980. The U.S. also wants to ensure that the Backfire cannot be used or operated as a strategic bomber capable of reaching the U.S., because the Russian bomber is not to be counted under the overall ceiling of Soviet strategic weapons in the proposed agreement.

The Administration has still not decided how it will approach Congress for approval of any SALT II agreement. If classified as a treaty, it would require ratification by two-thirds of the Senate.

A hard core group of Senators (led by Senator Henry Jackson) opposed to another SALT agreement can probably draw support from other Senators, disturbed by what they see as President Carter's bungling of defence issues in other areas—such as the cancellation of the B-1 bomber, postponement of the neutron bomb and last month's veto of the 1979 Weapons Procurement Bill.

Some Administration officials have suggested that Mr. Carter should take the easier path of treating SALT II as an executive agreement, which needs only a simple majority of both Houses of Congress.

Peruvian miners stay out

BY OUR OWN CORRESPONDENT

LIMA, Sept. 5.

MINING OFFICIALS in Peru confirmed today that miners are defying a government ultimatum to return to work or be fired.

This was the Government's fourth ultimatum since the strike started on August 4. The Government had earlier declared the strike illegal, imposed a state of emergency in some mining provinces and authorised mining companies to hire new personnel, as of today, in place of miners who had not returned to work.

A first break, however, has been made in the strike. Miners at the privately owned Southern Peru Copper Corporation's Toquepala mine returned to work yesterday. The smelter at the part of Ilo, which processes the copper from Toquepala, however, decided to continue the strike.

One leading banker in Lima said that, if miners do not return to work now, the strike will be a clear attempt to bring down the Government. Leaders of the miners' federation say that the rank-and-file refuses to return to work until the Government agrees to reinstate 320 miners fired after previous strikes.

The Central Bank president, Dr. Manuel Moreyra, said the effects of the strike will not begin to be felt till October, when payments on August sales abroad of metals would normally come in. The foreign exchange losses, which are estimated to be $70m by the end of the year, will make it more difficult for Peru to achieve budget deficit limits set by the International Monetary Fund.

Peru signed last month a letter of intent to the IMF to secure a stand-by credit which has yet to be formally approved by the board of the fund.

The military government here is required to restrict the budget deficit further, achieve a small trade balance by the end of the year, and keep the annual inflation rate this year to 70 per cent at most.

Dr. Moreyra says Peru will still have to pay its debts in spite of exchange losses—there will just be less money for the private sector.

Meanwhile, the number of miners who have returned to work, all at Toquepala, is 2,773. Some 300 miners are also said to have returned to work at the Marcona iron ore mines run by the state-owned company Hierroperu.

U.S. 'plot' to blow up Japan, USSR whalers

A U.S. grand jury is investigating an alleged plot by an unidentified environmentalist group to blow up Japanese and Soviet whaling ships in the South Pacific, the Washington Post reported today, Reuter writes. The plot involved the use of sophisticated diving equipment and a two-man yellow submarine, it said. The newspaper said the FBI had arrested a former naval diver, who led them to two large caches of plastic explosives. In the diver's Miami home were 30 photographs of Soviet and Japanese whaling ships anchored at Talcahuano in Chile, and the yellow submarine was in his garage, it said.

El Salvador loan

EL Salvador will launch in the next three days a $25m five-year floating rate loan at 1¼ per cent over London interbank offered rates and minimum rate at 8 per cent, Banque Nationale de Paris said as lead manager, Reuter reports from Paris.

Bank workers' go-slow called off in Brazil

Union leaders in Sao Paulo have called off a go-slow by bank workers, and prepared for a round of talks between employees and management, Reuter reports. A union spokesman said that political police had arrested five workers on charges of fomenting the strike, which the Labour Minister, Sr. Arnaldo Prieto, declared illegal. The union official said security guards at one bank had beaten up two workers there. In all, 88 employees had been dismissed and at least 44 others suspended, he added. Union leaders said the workers were not dropping their demands for higher pay.

Air traffic boost

National Airlines said revenue passenger miles last month rose 30 per cent over the same month last year to 742m, Reuter reports from Miami. Last month was the second best month in the company's history, exceeded only by the record 774m revenue passenger miles in July.

Brunei to purchase Rapier air defence missile system

BY MICHAEL DONNE

THE GOVERNMENT of Brunei is to buy the British Aerospace Rapier low-level air defence missile system.

A contract which is expected to be worth more than £30m to the Dynamics Group of British Aerospace is now under negotiation and is expected to be signed within the first half of next year.

Brunei will become the sixth overseas country to choose the Rapier missile system. The weapon is already fully operational with the British Army in NATO, as well as in Iran, Oman, Abu Dhabi and Africa, while it is also entering service with the *Australian Army*.

To date, export contracts for the Rapier are worth more than £600m. Over 8,500 missiles have been produced, with more than 2,000 missiles fired during operational practice firings.

The British Aerospace Dynamics Group is in discussion with several other overseas customers for the Rapier system and it is hoped that further export deals will be announced in the next few months.

It also became known at the Farnborough air show yesterday that Rolls-Royce is negotiating a follow-on contract to that worth about £100m signed two years ago for the supply of Spey military aircraft engines and technological know-how for the establishment of a military aero-engine production capability in China.

The negotiations are still in the preliminary phases, and a final contract could be several months away. Thus there is no means of knowing precisely what value it will be or even what it will involve. All that Rolls-Royce is able to say at this stage is that it has been asked by the Chinese to provide further help in the development of an aero-engine manufacturing industry and that it has responded on the basis of the fact that it has a number of advanced military engines in production in the UK in adition to the Spey and can therefore see the possibilities of substantial further business in the years ahead.

Rolls-Royce officials are reluctant to comment further on the matter, which is regarded as sensitive politically and militarily, but it is understood that a Chinese defence mission will visit the UK soon and that discussions on the engine with Rolls-Royce will be on the mission's programme.

Reuter adds from Seattle: Boeing announced that it had sold two 727-200 jetliners to Avianca of Colombia and two to Transportes Aereos Portugueses, for a total of \$55m. In addition, Seaboard World Airlines has bought three new 747 cargo aircraft for about \$180m and in Hamburg Hapag-Lloyd announced that its subsidiary Hapag-Lloyd Flug of Bremen had ordered three Boeing 727-200s. Delivery of the first two is due at the end of next year, with the third due in autumn 1980, the Hamburg announcement added.

● The AD620 computerised navigation system, launched into production last year by Marconi Avionics has been selected by the Italian Air Force as the primary means of navigation in its new fleet of MB339 jet trainers. The aircraft's manufacturer, Aeronautica Macchi, is to supply the Air Force with 100 MB339s over the next two years. The system is also offered by Aeronautica Macchi as a standard option on all export MB339 aircraft.

Meanwhile the Danish Air Force has ordered the latest type of automatic direction finders (ADF) for its new fleet of Westland/Aerospatiale Lynx helicopters, from Marconi Avionics.

Agusta joins Westland

AGUSTA, the Italian helicopter manufacturer, yesterday formally joined with Westland Helicopters of the U.K. for the development of the projected new WG34 helicopter replacement for the existing Sea King Helicopter.

The two companies announced at the Farnborough Air Show that they had signed a protocol agreement for collaboration on the new venture, under the terms of a memorandum of understanding covering collaboration originally signed in 1975 between Westland, Agusta, Aerospatiale of France, and Messerschmitt of Western Germany.

The plan to develop the revolutionary WG34 was announced at the Farnborough Air Show on Monday, when it was said that it was expected to cost up to £1,000m in its entire research development and initial production phases, and that an eventual market of as many as 750 helicopters was envisaged. It was also announced that it was the British intention to seek international collaboration on the programme and the Agusta decision announced yesterday is the first concrete result of that determination.

Westland and Agusta together are now initiating discussions with Aerospatiale and Messerschmitt and it is hoped that eventually those two companies will also join the programme.

LEIPZIG FAIR

Wartburgs to have Renault engines

BY LESLIE COLITT

LEIPZIG, Sept. 5.

EAST GERMANY'S Wartburg car is to be exported to the UK with a Renault engine replacing the two-stroke domestic one which has been virtually excluded from Western markets because of heavy exhaust emissions.

Test models of the Renault-powered East German car are currently undergoing trials here according to industry sources. The decision to equip East Germany's Wartburg with the Renault engine for export is felt to be a stop-gap measure until the car is eventually re-equipped with a four-cylinder engine produced in Czechoslovakia.

An agreement on joint car production between Prague and East Berlin collapsed a few years ago, but now the two sides are said to have agreed to pool their resources. *Czechoslovakia is going* to develop new engines both for its own Skoda model and the East German Trabant and Wartburg cars, while both countries will design wholly new cars.

In order to pay for the Czechoslovak engines, which will probably be in the range of 1100cc to 1500cc, East Germany is going to export front-wheel transmissions to Skoda from a new plant to be erected at Zwickau by Citroen. Guest, Keen and Nettlefolds (GKN) almost clinched this deal earlier this year but lost out when it was unable to buy back enough transmissions.

East German sources note that this country will probably design its own new Trabant and Wartburg models, the first in over 15 years by the time they reach the production stage, but that the production technology is likely to be bought from a Western company. This is where the decision to instal Renault engines in Wartburgs exported to the West could prove to be decisive in choosing a Western partner.

Anything related to car manufacturing in Comecon countries takes on political overtones and nowhere is this more so than in East Germany. One of the problems facing car makers here is that the new Trabant and Wartburg models which are not expected to roll from the assembly lines until the mid-1980s, must not be more expensive than the ones they replace. This means DM 8,000 and DM 17,000 respectively for the tiny Trabant and the Wartburg. This is the guideline set down by the country's leaders, but is said to be entirely unrealistic if the East German Government continues to siphon off nearly one-half of the retail price of a car in purchase tax.

In another deal reported at the current autumn Leipzig trade fair, East Germany's Industrieanlagen-Import has signed a DM 40m contract with Berlin Consult of West Berlin for a bone extraction plant to produce gelatine and bonemeal at Tangermuende. The project will be paid for by compensation. So far, this highly successful engineering consultancy company has concluded deals worth DM 1bn with Comecon countries and is currently having what is described as "encouraging negotiations" with Poland on the construction of further food processing plants.

Later this week East Germany is expected to sign a DM 120m contract with Kloeckner Werke of West Germany for the construction of a chemicals plant at Zielitz. Taylor Woodrow of the UK was also bidding for the order.

● East Germany's chemicals industry reports that imports and exports this year will amount to DM 5bn, up 14 per cent from last year. The percentage of trade with Comecon countries is not given, but is thought to be over 60 per cent. with 41 per cent of this conducted with the Soviet Union.

Malaysia cuts red tape

BY WONG SULONG

KUALA LUMPUR, Sept. 5.

THE MALAYSIAN Government has set up a special investment office to cut red tape for businessmen who want to set up factories in Malaysia.

The office will act as a "one-stop" centre for businessmen who currently have to waste time running round half a dozen government departments to get approvals for land, water, electricity, work and import permits for their factories.

The establishment of the "one-stop" centre, managed by the Federal Industrial Development Authority, was ordered by Dr. Mahathir Mohamed, the Deputy Prime Minister, after businessmen—both local and foreign—had complained to him that red tape in getting factory approvals was one of the main problems they were facing in Malaysia.

Dr. Mahathir, who is also Trade and Industry Minister, and given special charge of attracting investments, will be leading three investment missions to the U.S., Japan and eastern Europe later this year. He has already led a mission to Western Europe in May.

The Malaysian Government is worried that targets in the third Five Year Plan may not be fulfilled because of the shortfall in private investments, and it is mounting a strong campaign to attract local and foreign capital.

French join Canadians in word processing venture

BY DAVID CURRY

PARIS, Sept. 5.

THE OFFICE equipment subsidiary of the French telecommunications group CIT-Alcatel has signed an agreement to market and eventually manufacture Canadian word processing equipment in France and other European countries. The Canadian company is AES Data.

The agreement calls for La Societe des Machines Havas to adapt and market the equipment in France. If the market turns out to be as big as expected, the French company will begin to manufacture the existing line of machines in around 18 months. The accord also calls for the two companies to co-operate on the development of a new generation of machine.

There are reckoned to be about 15,000 installations in France at the moment but by the mid-1980s this is expected to have grown to 70,000. Havas thinks it could account for some 30 per cent of the market. It would rent the equipment for around Frs 2,500 a month or market them at around Frs 50,000 per unit, though these figures are highly tentative at the moment.

The move represents a diversification for CIT-Alcatel, though it is already in the related field of automatic mail sorting equipment. The French company is itself part of the giant electrical and engineering group CGE.

This accord follows the recent agreement between STC of the UK and Exxon of the U.S. to develop word processing equipment.

● The Krupp group of West Germany and the French steel concern Forges de Strasbourg have decided to set up a joint venture called STR-Strasbourg Entreprise to market water-retention systems for dams, bridges and metal frames, notably in the French-speaking countries of Africa.

TECHNOLOGY TRANSFER

Third World calls for greater self-help

BY K. K. SHARMA IN BUENOS AIRES

ARGENTINA bid hard to host the United Nations Conference on Technical Development among Developing Countries (TCDC) now in progress here and it easy to see why. Indigenous technology has developed slowly and much of the surprising variety of sophisticated equipment and machinery made in the country is manufactured under licence arrangements with U.S. multinationals, although Argentina has made important strides in such areas as nuclear energy.

But the potential of Latin America is so great that there is now an overriding conviction that local arrangements should be made for future growth of the region.

Railways, for example, are an important area of infrastructure that will see heavy investments in Latin America in the coming years. Under discussion at the Buenos Aires conference is the possibility of establishing a "technological enterprise" capable of providing the knowhow needed for railway and underground systems. At present, there are 41 such systems in the world and all the technology is produced in industrialised countries.

Four metropolitan rail systems exist in Latin America—in Buenos Aires, Sao Paulo, Mexico and *Rio de Janeiro—while future* systems are planned for Caracas and Quito. By 1985, 15 cities in Latin America will have populations of over 2m each, sufficient to support a rail system.

The market is great, but the technology is extremely expensive. To build a 40 km railway or subway costs about \$600m, excluding costs of construction of maintenance shops, substations, command centres and the remodelling of streets and water lines.

The argument for not handing over the job to foreign companies and for setting up a "multinational Latin American enterprise" is being pressed hard. It is pointed out that technology for rail systems in the industrialised countries is highly automated and requires large amounts of energy. In *addition, the systems are capital* rather than labour intensive.

Moreover, says a TCDC background paper, "a multinational Latin American enterprise that would produce appropriate rail and subway technology would ease the region's balance of payments deficit and be more likely to take into account social costs of developing and maintaining such a system."

Whether or not such enterprise is initiated, the pressure is mounting for increasing technological cooperation within the Third World and for an end to the reliance on the consultancy and engineering multinationals of the OECD countries. Nine sectors that have been identified for building up local "technical enterprises" are electricity, nuclear energy, metropolitan railways, forestry, machine tools, bread making, petroleum, plastics and steel.

In Latin America, the objects to be achieved are: the promotion and sterngthening of local *consultancy organisations;* the spread and application of technology to development problems through multinational technological enterprises; and the strengthening of the skills of Government officials for negotiations with multinationals in the industrialised countries. The reasons for doing this concern the entire Third World.

UN studies have shown that direct foreign exchange costs of the transfer of technology to developing countries reached \$1.5bn by the end of the 1960s and, if the growth of the countries continues as planned, will reach a massive \$9bn by 1980. The studies have shown that contracts to supply technology usually are tied to purchases of imports of raw materials and intermediate inputs, plant and equipment and spares from the supplying country.

Severe restrictions are imposed on exports of the products manufactured while there is "*excessive reliance on expatriate* skilled personnel, thus discouraging the formation of local skills and research and development capabilities, thereby undermining the possibilities of self-reliance in development."

Moreover, technology acquired through foreign investment, import of capital goods and long-term loans of aid programmes have had serious effects on the balance of payments and external debt of Latin American countries.

Figures given to the TCDC conference say the total debt in 1974 was a collossal \$35.4bn, more than twice the \$15bn owed in 1967. Says a U.N. study: "Attempts to produce a sustained and accelerated type of development through an integral, indiscriminate and ever-growing participation in the international economic system have strangled social development in many areas, have created very rigid conditions of economic and cultural dependence, have raised *external indebtedness to levels* which are difficult to service and have impeded or delayed growth of national technology."

Technology provided by OECD countries is thought by the TCDC conference to be too automated and capital intensive for needs of countries attempting to tackle heavy and growing unemployment. It mostly requires highly skilled labour not available locally and uses synthetics while developing countries abound in raw materials. It is usually expensive—partly because multinationals operating in Latin America have more resources to back up negotiating efforts than the governments concerned—and creates continued dependence on imported parts.

In fact, the TCDC conference has been told there has been a serious reverse transfer of technology because of the "brain drain" from developing countries.

In the past decade, estimates are that developing countries provided no less than 230,000 skilled personnel to three industrialised countries — the U.S. (90,000), UK (84,000) and Canada (56,000). Asia accounted for more than 50 per cent of the flow of skilled emigration from developing countries, particularly India and the Philippines. More than 35,000 skilled professionals have migrated from Central America, South America and the West Indies to these three developed countries.

The cost of the brain drain measured in terms of aid flows is staggering. In the 1960s, for instance, the U.S. gave \$39.6bn as net development aid while the value of imported skilled immigration was \$33.9bn. Canada gave \$2.2bn as aid and imported skills valued at \$11.5bn, thereby actually gaining \$9.3bn. Britain gave as aid \$46.3bn and took in skilled personnel from developing countries whose training cost them \$50.9bn, thereby also gaining a net \$4.6bn.

These are only some of the reasons that are making the 120 developing countries participating in the TCDC conference call for greater exchanges of technology among themselves. More specifically, they hope that the proposed regional technological enterprises will unite in common undertakings the three main agents in technological change: the government, the productive sector and the scientific and technological infrastructure.

Annual growth of 5% forecast in agrochemicals

BY KEVIN DONE

THE VALUE of the world market for agrochemicals is forecast to grow from \$7.6bn (£3.9bn) in 1977 to \$14.6bn (£7.5bn) in 1982, according to a study by Wood Mackenzie, stockbrokers.

It forecasts that there will be a growth in the volume of sales of agrochemicals—the sector takes in insecticides, herbicides and fungicides—over the next five years of about 5 per cent a year. This growth combined with small real increases in prices should lead to improved profitability for agrochemicals producers.

The largest company in the field is Bayer of West Germany with agrochemicals sales last year valued at \$1.3bn, an increase of 13 per cent over 1976. Its major competitors are Ciba-Geigy of Switzerland (with 1977 agrochemicals sales of \$975m), Shell (\$600m), Monsanto of the U.S. (\$525m), Rhone Poulenc of France (\$400m) and ICI (\$390m).

There is a noticeable absence of new investment in manufacturing plant in stark contrast with the years from 1974 to 1976, says Wood Mackenzie. Some companies are suffering the effects of overcapacity for some commodity products.

Increasing investment, however, is being channelled into researc hand development facilities. U.S. companies are now spending on average 8 per cent of turnover on research and development as against 6½ per cent for European and Japanese agrochemical companies.

Little threat to the established producers is expected from Comecon countries and the developing nations with the possible exception of Israel and at a later date South Korea.

Demand for agrochemicals is expected to grow most quickly from soyabean producers among the different crop sectors.

The Wood Mackenzie report forms part of a new research and monitoring service it is setting up to cover the agrochemicals sector. The service will cost £450 (\$950 overseas), available from Wood Mackenzie, Threadneedle Street, London.

Volvo boosts car sales to U.S.

BY JOHN WALKER

STOCKHOLM, Sept. 5.

VOLVO CAR exports to the U.S. during August were up 32.8 per cent at 5,780 units compared with 4,354 in the same month last year, almost breaking the August 1974 record figure of 5,810 units. Volvo sales to the U.S. for the first eight months of this year were up 9.2 per cent at 33,928 compared with 31,073 units in the corresponding period last year.

Meanwhile Volvo sales in Sweden in August this year amounted to 2,591 units compared with 2,440 in the same month in 1977. Sales in Sweden for the first eight months of 1978 dropped to 27,983 units compared with 38,297 in the same period of 1977.

Increase in Japanese ship prices

By Charles Smith

TOKYO, Sept. 5.

JAPANESE SHIPBUILDERS today confirmed reports of a recent, rapid increase in their ship export prices following sharp appreciation of the yen.

The switch since April from the yen to the dollar as the main ship export currency is cited as one of the reasons for increases which some London brokers say have amounted to as much as 40 per cent in the past six weeks.

During the year to last March, yen - based contracts accounted (on a tonnage basis) for 82 per cent of all export deals. But since then, following pressure from customers who had seen the contract price of vessels under construction increase sharply as the yen appreciated, the Japanese have been forced to concede the majority of contracts in dollars or even pounds.

In the four months from April to July, only 26 per cent of contracts were in yen.

Japanese companies negotiating dollar based contracts normally start by working out a notional yen price for the ship and then convert this to dollars at the current rate of exchange. The dollar price thus arrived at would normally hold good for two months after which the shipbuilder would quote a new price reflecting the latest dollar-yen exchange rate.

Since the yen has been gaining value very rapidly against the dollar during the past six months, dollar denominated ship export prices have been rising as well.

During the first four months of the current fiscal year (from April to June inclusive) Japanese Ship exporters booked orders for 46 ships weighing 526,000 gross tons as against 72 ships and 918,000 gross tons in the same period of 1977. Most of the top *shipbuilders now* appear to be operating at about 50 per cent of capacity and industry leaders have begun to announce the suspension of interim dividend payments which would normally be due this autumn.

The First company to break the news that it would pay no interim dividend (for the first time in its history) was Mitsubishi Heavy Industries, the industry leader. Similar announcements were made to-day by Kawasaki Heavy Industries and Ishikawajima-Harima Heavy Industries.

Fukuda starts Mideast visit

TOKYO, Sept. 5.

JAPANESE Prime Minister, Mr. Takeo Fukuda, left today for official visits to Iran, Qatar, the United Arab Emirates and Saudi Arabia aimed primarily at ensuring stable oil sources for Japan.

Mr. Fukuda, the first Japanese Premier to visit the region, told a Cabinet meeting yesterday that he would try to promote friendly bilateral relations with each country to secure long-term energy supplies. Japan meets 99 per cent of its oil needs from imports, of which more than 80 per cent comes from the Middle East.

Mr. Fukuda is also expected to offer technical co-operation to help the four countries develop alternative energy resources in preparation for any future drop in oil supplies.

Another topic is expected to be aid for national projects, including Saudi Arabia's proposed large petrochemical plants. Agencies

Japan seeks oil costs cut

TOKYO, September 5.

INTERNATIONAL Trade and Industry Ministry officials said Japan hopes to negotiate lower prices for its crude oil imports from China. But they denied a newspaper report that the Ministry would ask China to lower prices of crude oil for Japan by two or three dollars a barrel from the present \$13.20.

The present price for Chinese crude compares with \$12.70 a barrel for standard Middle East crude, the officials noted. Reuter

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Safety code agreed for dangerous cargoes in Channel

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

A new, voluntary shipping code has been agreed by Britain and France. It will mean that ships carrying dangerous cargoes in the Channel will report their speed, course and position to coastguards.

The code, one of many proposals advanced by France after the wreck of the Amoco Cadiz supertanker off Brittany, will come into operation on January 1.

Details of the scheme were agreed yesterday by the intergovernmental Anglo-French Safety of Navigation Group. Both governments hope the scheme will become compulsory after a trial period.

All ships over 1,600 gross tons carrying dangerous goods, including oil, are expected to observe the code. The authorities also want any ship which develops a navigational or steering difficulty to tell coastguards.

Ships in difficulty are asked to report as they approach the Channel and dangerous cargo vessels must call in within 10 miles of any of the three Channel shipping separation schemes.

The Anglo-French group yesterday also considered more radical revisions of the Channel shipping separation schemes.

In particular, it looked at a Channel "motorway" project proposed by Trinity House, the lighthouse and pilotage authority. This scheme would effectively stitch together the existing, piecemeal separation zones.

Treasury 'misleading' on post-war credits

BY IVOR OWEN, PARLIAMENTARY STAFF

SHARP CRITICISM of the Treasury for "misleading" Parliament in fixing December 31, 1978, as the final date for submitting uncertified claims for post-war credits was voiced yesterday by the joint Lords and Commons Committee on Statutory Instruments.

The committee urged both Houses to examine the Post-War Credit (Income Tax) Order, 1978, which extinguishes the right of people not in possession of post-war credit certificates to claim for the repayment of post-war credits after the end of this year.

While the order, which took effect on July 1, appears to set a firm closing date for uncertified claims, the committee pointed out that it received written and oral evidence from the Treasury and the Inland Revenue indicating that the Commissioners of Inland Revenue had some discretion in the application of the closing date.

Neither the order itself, nor the explanatory note printed with it, mentioned the Commissioners' discretionary powers.

"The committee therefore consider them to be misleading. It would have been possible to insert a phrase that indicated that some discretion was exercisable in exceptional cases, thus reflecting more accurately the true state of affairs."

According to the Inland Revenue, over 93 per cent of the original 765m credits have already been claimed and repaid.

London and County —nine remanded

BY MARGARET REID

NINE BUSINESSMEN, who face theft and fraud charges involving £10m in connection with the collapse in 1973 of London and County Securities, were remanded yesterday at Bow Street until January 17, 1979.

They are: Mr. John Arthur Hillman, Mr. Emmanuel Wolfe Davidson, Mr. Robert Stephen Rubin, Mr. Woolf Perry, Mr. Brian McMenemy, Mr. Brian Kenudal, Mr. Peter Green, Mr. Charles Norman Noye and Mr. Trevor Pepperell.

The first eight, remanded on bail, were arrested and charged in Britain in May. Their charges totalling more than £5.7m were brought at Bow Street on August 24 against Mr. Pepperell, formerly a property consultant with an associate company of the London and County group. He had been in custody at Oldenburg, West Germany, since April but last month waived extradition formalities before his return to Britain with Scotland Yard officers on August 23.

Mr. Gerald Caplan, former chairman of London and County, was arrested in Los Angeles in April on warrants alleging that he stole £2.4m from the group. He faces extradition to Britain.

Joint company will seek new markets

BY ANDREW TAYLOR

FERRANTI'S PROPOSAL to form a joint electricity supply meter manufacturing company with the Munich based electronics giant Siemens AG comes at a time when UK meter manufacturers, faced with stiff competition at home, are finding it increasingly difficult to break into major overseas markets such as Continental Europe and the U.S.

Because of problems of different specifications in the UK and Commonwealth countries compared with the rest of the world, three distinct markets have been created: North America, Japan and Europe and the UK orientated countries. All have proved difficult to break into.

But overseas manufacturers, perhaps because of superior technology, have met with more success than their British counterparts.

Overseas manufacturers such as Landis and Gyr, the Swiss concern, and Sangamo Weston, subsidiary of Schlumberger of the U.S., have solved their problems by operating subsidiaries in the UK which now control around half the home market.

There are four major manufacturers of electricity supply meters in the UK—from domestic meters to sophisticated control instruments for industrial plants—with Ferranti and GEC providing the home competition against Sangamo and Landis. Competition is keen and profit margins low. It is against this background that Ferranti has been searching for either a potential buyer or a partner for its meter business.

Negotiations

Agreement in principle has been reached with Siemens and if negotiations are successful the deal could be signed by the end of November.

Ferranti will have access to Siemens' technology and greater financial muscle while Siemens, which already has a similar agreement with Fuji of Japan, will have access to another market without the problems and cost of either making an acquisition or developing a green field site.

The project is not likely to be so well received by the industry which is already suffering from over capacity, and some analysts were saying yesterday that the U.K. industry could quite easily be cut to three or even two principle manufacturers.

The deal will put Ferranti's meter business and some of its allied products under the umbrella of a new company to be owned jointly by the British and German partners.

Ferranti will put up the assets to be matched by an equivalent cash injection from Siemens. It is envisaged that the total investment from the two groups will be between £5m and £6m.

NEWS ANALYSIS

METER SUPPLY

BY ANDREW TAYLOR

Sales of meters and allied products by Ferranti are expected to be around £8m to £10m in the current year and meters are thought to have generated about half the £1m pre-interest profits earned by the instrumentation division in the year to last March 31.

This compares with total group pre-interest profits of £11m and sales of £158m last year. Meanwhile, some industry sources claim that Ferranti's share of the home market has been declining although the group says it is still around 25 per cent.

One of the problems facing the UK based manufacturers is that they supply largely a single customer—the Electricity Board. The various area electricity boards account for almost all the industry's UK sales estimated at about £20m a year. It can be argued that the existence of such a large single customer has reduced the incentive to develop different specifications for overseas customers. Critics have applied a similar argument to the telephone switch gear industry which has relied heavily on the Post Office for its sales.

No such problems exist for groups such as Landis and Schlumberger which have such a wide international base, and have access to other markets through their other subsidiaries.

Ferranti, rescued from financial difficulty by the Government three years ago, clearly feels that this is a good deal. For the industry, it does nothing to solve the problems of over-capacity.

Norsk Hydro tipped for chemical deal

BY KEVIN DONE,

NORSK HYDRO, Norway's largest industrial company is emerging as the front runner to take over Continental Oil's UK chemical interests. A final decision is expected this month.

Opposition to the deal from UK chemical industry trades unions has weakened after their failure to persuade British State interests, such as the National Enterprise Board or the British National Oil Corporation to intervene.

Conoco of the U.S. is selling its half share in Vinatex, the third largest British producer of polyvinyl chloride (PVC) together with its 10 per cent stake in Staveley Chemicals.

Staveley holds the other half of Vinatex.

The possible sale of a big share in Vinatex to a Continental chemical company has provoked considerable opposition in the UK industry, particularly from Imperial Chemical Industries.

ICI has used the sale as one of the reasons for postponing work on an £80m petrochemicals plant at Wilton on Teesside. The plant was being built to produce 150,000 tonnes a year of vinyl chloride monomer (VCM), the raw material for the manufacture of PVC, one of the most widely used commodity plastics.

Work on the plant, which was well advanced was stopped last month. ICI is the main supplier of VCM to Vinatex. However, doubts about the commercial viability of its VCM expansion at Wilton had begun to surface before Conoco decided to sell its Vinatex interests.

Norsk Hydro, already a producer of PVC in Norway, is also interested in Vinatex as an outlet for its VCM production. It has recently brought on stream a 300,000-tonnes-a-year VCM plant at Rafnes in southern Norway, but it has yet to find customers for much of this capacity.

Its main competitor in the bid for the Conoco interests is DSM of Holland.

Mr. David Warburton, national industrial officer of the General and Municipal Workers Union, has written to Mr. Eric Varley, the Industry Secretary, demanding that assurances on jobs and future investment must be given by any foreign company bidding for the Conoco interests.

Norsk Hydro would expect to make substantial VCM deliveries to Vinatex, but this should not rule out ICI also continuing as a supplier.

New accounting standard

BY JAMES BARTHOLOMEW

THE ACCOUNTING Standards Committee today published a new accounting standard on group accounts, Statement of Standard Accounting Practice No. 14.

The standard insists that uniform accounting policies should be followed by holding companies and their subsidiaries, unless there are exceptional circumstances. In such cases, full details and explanations will be required.

It also wants directors to explain and justify treatment of group accounts in any alternative form to consolidated accounts other than those set out in the standard.

The treatment of acquisitions and disposals is prescribed in some detail, as in the use of "fair value accounting."

The "effective date" is defined as the day consideration passes or else the day on which the offer becomes or is declared unconditional, whichever is the earlier.

The latest standard will become effective for accounts starting on or after January 1.

Finance house lending increases

NEW INSTALMENT credit advanced by finance houses and retailers has increased sharply since the beginning of the year.

Total new advances of £1.38bn between May and July were 7 per cent higher than in the previous three months, according to seasonally adjusted figures announced by the Department of Trade yesterday.

Although the total is in current prices, there has been a substantial gain in volume.

Finance house lending increased by 8 per cent on a three-month comparison, boosted by the high level of car sales, while retailers' lending was 6 per cent up. There was a particularly sharp rise in sales by department stores.

At the end of July, the total amount outstanding to finance houses and retailers was £3.83bn, a level 29 per cent higher than a year ago. Retail prices rose by less than 8 per cent in the same period.

New instalment credit advanced in July was £458m, on a seasonally adjusted basis, almost the same as in the previous month. Finance houses' lending was lower than in the previous three months, but about the same as in March. It is certain to have been boosted in August by buoyant car sales.

The Department of Trade announced a revision of the seasonally adjusted index of the volume of retail sales for July to 111.4 (1970=100), compared with the provisional estimate of 110½.

On a non-seasonally adjusted basis, the value of total retail sales in July was 15 per cent higher than a year earlier. In the first seven months of this year, the average value of sales was 14 per cent higher than in the same period last year.

HIRE PURCHASE CREDIT AND RETAIL SALES

(Seasonally adjusted)

	New credit extended by: Finance Houses £m	Retailers £m	Total debt outstanding (unadjusted) £m	Retail volume (revised): Total (1970=100)	Durable goods shops (1970=100)
1976 1st	340	493	2,349	105.9	117
2nd	382	490	2,424	106.9	122
3rd	392	521	2,516	107.3	125
4th	421	547	2,716	105.9	124
1977 1st	457	550	2,792	103.3	116
2nd	486	561	2,930	102.5	118
3rd	544	605	3,108	104.3	121
4th	585	604	3,341	104.4	121
1978 1st	626	634	3,507	106.3	125
2nd	716	677	3,797	108.0	129
January	213	216	3,378	104.9	129
February	201	217	3,429	106.8	130
March	212	201	3,507	107.0	117
April	231	232	3,594	106.7	132
May	243	228	3,689	108.4	126
June	242	217	3,797	108.7	130
July	213	245	3,831	111.4	138

Source: Department of Trade

Matsushita audio plan

MATSUSHITA ELECTRIC, one of two Japanese concerns making colour television sets in South Wales, plans to start production of music centres next spring, the company said yesterday in Japan.

Matsushita is Japan's biggest manufacturer of consumer electricals and electronics under the names Nation, Panasonic and Quasar and employs 250 people in Cardiff. The proposal will require an increase in labour there and additional buildings.

Matsushita began producing sets at Cardiff in January last year and turns out 3,500 a month.

Banking figures

(as table 9 in Bank of England Quarterly Bulletin)

ELIGIBLE LIABILITIES, RESERVE ASSETS, RESERVE RATIOS, AND SPECIAL DEPOSITS

1—Banks	August 16, 1978 £m	Change on month £m
Eligible liabilities		
U.K. banks		
London clearing banks	24,981	−1,010
Scottish clearing banks	2,641	−210
Northern Ireland banks	848	−18
Accepting houses	1,852	−142
Other	6,141	−215
Overseas banks		
American banks	3,751	−202
Japanese banks	276	−28
Other overseas banks	2,716	−73
Consortium banks	200	−12
Total eligible liabilities*	43,404	−1,629
Reserve assets		
U.K. banks		
London clearing banks	3,284	−63
Scottish clearing banks	351	−26
Northern Ireland banks	124	−1
Accepting houses	286	+28
Other	830	−15
Overseas banks		
American banks	505	−52
Japanese banks	39	−6
Other overseas banks	429	−3
Consortium banks	42	−1
Total reserve assets	5,870	−139
Constitution of total reserve assets		
Balances with Bank of England	390	−217
Money at call:		
Discount market	2,248	+266
Other	234	−6
Tax reserve certificates	—	—
U.K., Northern Ireland Treasury Bills	630	−170
Other bills:		
Local authority	96	−33
Commercial	774	−23
British Government stocks with one year or less to final maturity	499	+45
Other	—	—
Total reserve assets	5,870	−139
Ratios %		
U.K. banks		
London clearing banks	13.1	+0.2
Scottish clearing banks	13.3	+0.1
Northern Ireland banks	14.6	+0.1
Accepting houses	14.4	+0.5
Other	13.6	+0.3
Overseas banks		
American banks	13.5	−0.6
Japanese banks	14.3	−0.5
Other overseas banks	15.8	+0.3
Consortium banks	20.8	+0.5
Combined ratio	13.5	+0.2
	£m	£m
N.B.—Government stock holdings with more than one year but less than 18 months to final maturity amounted to	456	+86
2—Finance houses		
Eligible liabilities	345	−2
Reserve assets	35.1	−0.4
Ratio (%)	10.2	—

Special deposits at August 16 were £231m (down £634m) for banks and £3m (down £4m) for finance houses. * Interest-bearing eligible liabilities were 28,283m (down £1,886m).

Ford cars to cost more for extra standard equipment

BY TERRY DODSWORTH

ABOUT HALF of Ford UK's cars are going to cost a little more to take account of specification changes being implemented on present models.

The limited increases, which have been announced on all of the range except the Escort, are for accessories now being included as standard equipment.

The price of the 1300 two-door Cortina, for example, is going up from £2,750 to £2,766 to include inertia reel seat belts, and of the 1600S Capri from £4,069 to £4,088 for rear fog lamps.

One of the larger increases is from £5,733 to £5,845 on the Granada 2300 GL for central locking.

These rises, while not significant enough to figure as a major round of increases, indicate that Ford is gradually increasing the specification level on its cars to improve profit margins.

A high level of specification is a standard feature of the U.S. industry, where add-on accessories account for a substantial proportion of revenue and earnings.

At the same time, it is believed that Ford is gradually preparing the way to move Escort prices significantly higher than those of the Fiesta to achieve a more progressive pattern in its pricing arrangements.

When the new Escort is introduced in about two years with a much-improved design and specification, such a pricing pattern will be desirable.

Ford's next all-round price rise is expected at the end of the year, after the last increases at the beginning of June of an average 3.8 per cent.

Granadas recalled

FORD DEALERS have been asked to carry out free modifications on some Granadas fitted with 2.0, 2.3 and 2.8 litre V6 engines manufactured before July this year. This is because of faults in the carburettor, brake servo vacuum hose clamp and the engine cooling fan.

Ford says that the modifications can be completed in 40 minutes.

They include fitting a carburettor shield to prevent possible feed back of fuel into the air cleaner, and the replacement of clamps on the brake servo vacuum to prevent loss of vacuum in the system.

New fans are also being fitted because of the discovery of hairline cracks in the hubs of a small number of viscous drive engine cooling fans.

Hatchback for Cavalier

THE VAUXHALL Cavalier range, one of the main models behind the improvement in the motor company's performance in the last two years, is being expanded with the launch of a hatchback called the Sports Hatch.

Based on the present Cavalier, the new car will use the standard sheet metal of the coupe model at the front end. The rear half of the body, with a gas strut-supported tailgate, is completely new.

Vauxhall claims that the Sports Hatch will have a top speed of slightly over 100mph in the 1600cc version. The larger, 2000cc engine is also claimed to have good economy, delivering 38.7mpg at a steady 56mph, and 31.4mpg at 75mph.

Prices will be £4,174 for the 1600, including car tax and VAT, and £4,373 for the 2000.

Support for Bilston

SUPPORT FOR the action committee trying to prevent the closure by British Steel Corporation of the Bilston plant in the Black Country came yesterday in a report commissioned by West Midlands Council and Wolverhampton Borough Council.

The report says it would not benefit British Steel and would mean a net loss of £25m to the Midlands economy.

It adds: "There is no prima facie evidence that early closure is in the medium- or long-term interests of BSC."

The report, compiled by Aston University researchers recommends rationalisation by the Corporation on a step by step basis.

Bilston supplies 16.2 per cent of liquid steel used in BSC's production of special billets.

Liberal experts present plan for reformed Lords

BY RUPERT CORNWELL

LIBERAL PARTY experts have come up with a blueprint for a reformed House of Lords, that would be mainly regionally based, and the constitutional lynchpin of a decentralised and effectively federal Britain.

The plan, contained in an interim report of a working group made up of Liberal peers and academics, would be in two stages—its more ambitious second part being a key component of the new "constitutional settlement," including a reformed Commons, pressed by the party.

The more modest first phase is likely to be referred to in the Liberal Manifesto for the forthcoming election, and will be a negotiating issue should the party again hold the balance of power in the new Parliament.

In the short term, the document suggests improving the upper House by adding the 81 British Euro-MPs chosen for the first directly elected European Parliament. It wants an immediate end to hereditary membership, and calls for the co-opting of elected representatives from the first devolved Assemblies in Edinburgh and Cardiff.

The second stage, however, would come about only as part of an overall reform of the constitution, and only after the remodelling of the Commons. "It would be unworkable if the second chamber was more democratic, but with less power than the Commons itself," Lord Wade, a former Liberal Chief Whip and one of the report's authors, said yesterday.

Underlying the document is the belief that Britain needs a two-chamber system of government. It therefore rejects Labour's proposals for the simple abolition of the Lords, and also the suggestion of Labour peers for a fully nominated upper house, as an unwarranted extension of prime ministerial patronage.

However, the Liberals are emphatic, as underlined yesterday by Mr. Michael Steed, of Manchester University and secretary of the working group, that nothing should be done too quickly which might prejudice the end package they want.

Most members of the ideal Lords would be elected to represent the regions and nations in the de facto federal system to which Britain, as a result of devolution, is moving. It would thus become a link between Westminster and the Scottish and Welsh (and conceivably English regional) Assemblies when they start operating.

These peers would be joined by the Euro-MPs, members to man a reinforced network of joint Lords and Commons select committees that the Liberals foresee, and a strictly limited number of ex-MPs and other dignitaries named by the Prime Minister.

Labour has changed says Marsh

By Maurice Samuelson

SIR RICHARD MARSH, chairman of the Newspaper Publishers Association, who was for several years a Labour Cabinet Minister, said yesterday that a continuation of Labour policies would make Britain a "banana republic without any bananas" and continue her "decline into a national slum."

But Sir Richard, speaking at a meeting of London Conservative prospective Parliamentary candidates, made it clear that he does not want to get back into Parliament.

He believed that most people lacked enthusiasm for either of the main political parties, and he himself shared this feeling. He had allowed his Labour Party membership to lapse and was not thinking of becoming a Tory.

However, he was calling for a Tory victory because of his anxiety about the changes which had taken place in the nature of the Labour Party. It was militant and Marxist and quite different from the party as he had first known it.

The leadership no longer controlled the party machine and an extremist minority was forcing through policies which would lead to more unemployment.

Sir Richard added: "Mr. Andy Bevan, the Left-wing national youth officer would not have been allowed to join the Labour Party that I joined." In two or three years, Mr. Jimmy Reid, the former Glasgow Communist leader, would be elected to Labour's national executive committee, he predicted.

Expressing surprise at the "hysterical reaction" of some Labour leaders to his support for the Tories, Sir Richard said that about half of the electorate had been voting Conservative for years and he had simply caught up with them.

"Since the Gaitskellite controversy in the 1960s, a new and militant Labour Party has emerged, which is openly Marxist and contemptuous of the existing Labour establishment," he added.

Powell dismisses Tory emphasis on free economy

BY OUR LOBBY STAFF

A TORY victory at the forthcoming General Election would not have any real effect on the direction of U.K. economic policy for all the ritual emphasis by party spokesmen on the need for a "return to freedom" and a "free economy."

This was argued powerfull last night by Mr. Enoch Powell, former Tory Cabinet Minister and now Unionist MP for South Down, in a speech extolling the benefits that would flow from a switch to full-blooded monotarism and laissez-faire liberalism.

Although his address to the Westminster Chamber of Commerce was dismissive of the Tories in general, and Sir Geoffrey Howe, shadow Chancellor, in particular, Britain's best-known floating voter would give no clue, in a separate TV interview on whether he would repeat his 1974 recommendation to vote Labour.

In his role as an influential Ulster MP, Mr. Powell could be a key figure if the Tories are forced to look to minor party support to construct a Parliamentary majority after the election.

Turning point

Mr. Powell told his Westminster audience that unlike 1970 and 1974, the election would not offer a clear-cut choice between different alternatives. The Conservatives, he said, had drawn the lesson of Mr. Heath's so-called "U-turn," and had ensured that 1978 would not be "a national turning point."

The Opposition were using the terminology of freedom or a free economy to describe the alternative supposedly being offered to the Government of the last four years. But, in reality, "all necessary provision has been made to avoid disturbing present patterns."

Only for Sir Keith Joseph—a licensed theoretician on the Opposition front bench—did Mr. Powell have much praise.

He applauded Sir Keith's recent indication that a Government should no longer use its money to preserve jobs in sectors of the economy that were no longer viable.

Mr. Powell claimed that a change in policy and not just of Ministerial faces would materially and psychologically transform the country, especially if a party entered office believing and declaring that inflation was due solely to the financial operations.

The consequences would be extraordinary. There would be an instant end to all price and wage controls, voluntary or otherwise, and industrial conflict would lose its two worst features of "a quarrel between state and citizen and a quarrel over inherent futilities."

A government would not intervene in industry, and would act in the knowledge that there was *no such thing as a payments deficit or surplus.*

Exchange controls would disappear, sterling would float in complete freedom, and Britain "to the uncomprehending envy of the Swiss" would become the financial centre of the world and the Common Market of the world.

Aerial starts a new era

A NEW era in space-age communication was launched yesterday at the Post Office satellite communications radio station at Goonhilly Downs, Cornwall.

A £3¼m all-British radio aerial, to be used with the next generation of communication satellites, was handed over to the Post Office by Marconi Communication Systems.

Boat men 'put pleasure before commerce'

BY CHRISTINE MOIR

THERE IS nothing like messing about in boats except when it sinks a public company.

A Department of Trade report, published yesterday, unveils the pathetic saga of the Birmingham and Midland Canal Carrying Company, whose founders "allowed their enthusiasm for canals and canal boats to override commercial considerations."

The two men involved, Mr. Charles Waller, a former audit clerk, and Mr. Graham Wigley, a qualified schoolteacher, failed to produce audited accounts or call an annual meeting "over a period of nine years."

They also failed to pay County Court judgments, honour redemption dates on debentures, or register charges, bills of sale and loans, in contravention of the Companies Act.

In short, they "exhibited an extreme degree of irresponsibility towards their position as directors of a public limited liability company," according to the Department's inspectors.

Petitions

The inspectors, Mr. Anthony Belchambers and Mr. Jack Mann, are recommending that the Secretary of State for Trade use his powers to wind up the company, which specialised in carrying goods and pleasure passengers by canal boat.

They believe that the company "has been insolvent since 1967." As evidence, they show that there have been 72 summonses and three winding up petitions against it. Throughout the period, there was a substantial shortfall between current assets and current liabilities.

The company's balance sheet, say the inspectors, was sustained solely by a revaluation of the seven canal boats which remained in the fleet, a valuation due "almost entirely to inflation."

The directors offered no hope for the future which could be regarded as realistic the report added.

Accounts prepared for 1976 showed accumulated losses of £18,600 after the revaluation, which threw up a surplus of £22,000. Current assets amounted to £818, while current liabilities were £24,600.

London Clearing Banks' balances

as at August 16, 1978

THE TABLES below provide the first monthly indication of the trends of bank lending and deposits, ahead of the more comprehensive banking and money supply figures published later by the Bank of England. Tables 1, 2 and 3 are prepared by the London clearing banks. Tables 1 and 2 cover the business of their offices and their subsidiaries (excluding Scottish and Northern Ireland banks) in England and Wales, the Channel Islands and the Isle of Man which are listed by the Bank of England as falling within the banking sector. Table 3 covers the parent banks only. In this, it is comparable with the figures produced by the Bank of England, which show the reserve positions of all the banking sectors subject to credit control. Minor differences here arise from the exclusion from the clearing bank figures of Coutts, a subsidiary of National Westminster but a clearing bank in its own right.

TABLE 1. AGGREGATE BALANCES

LIABILITIES	Total outstanding £m.	Total outstanding £m.	Change on month £m.	Change on month £m.
Sterling deposits:				
U.K. banking sector	5,214		+280	
U.K. private sector	27,045		+4	
U.K. public sector	483		−210	
Overseas residents	2,270		−4	
Certificates of deposit	2,294		−119	
		37,306		−49
of which: Sight		15,841		+220
Time (inc. CD's)		21,466		−270
Foreign currency deposits:				
U.K. banking sector	4,005		+21	
Other U.K. residents	1,036		−80	
Overseas residents	10,916		+190	
Certificates of deposit	1,077		−63	
		17,033		+68
Total deposits		54,340		+19
Other liabilities*		9,256		−73
TOTAL LIABILITIES		63,595		−54
ASSETS				
Sterling				
Cash and balances with Bank of England		1,185		−288
Market loans:				
Discount market	2,328		+534	
U.K. banks	6,405		+878	
Certificates of deposit	933		+71	
Local authorities	1,040		−107	
Other	333		+6	
		11,039		+1,383

	Total outstanding £m.	Total outstanding £m.	Change on month £m.	Change on month £m.
Bills:				
Treasury bills	289		−120	
Other bills	875		−26	
		1,163		+146
Special deposits with Bank of England		106		−474
Investments:				
British Government stocks	2,241		−24	
Other	1,430		+4	
		3,671		−20
Advances:				
U.K. private sector	19,416		−197	
U.K. public sector	171		−116	
Overseas residents	3,248		+46	
		22,835		−267
Other sterling assets*		5,377		+283
Foreign currencies				
Market loans:				
U.K. banks and discount market	3,637		+162	
Certificates of deposit	248		−18	
Other	7,148		+24	
		11,033		+167
Bills		50		7
Advances:				
U.K. private sector	2,134		−32	
U.K. public sector	996		−85	
Overseas residents	3,144		+10	
		6,274		−107
Other foreign currency assets*		863		12
TOTAL ASSETS		63,595		−54
Acceptances		317		+34

* Includes items in suspense and in transit.

TABLE 2. INDIVIDUAL GROUPS OF BANKS' BALANCES

	TOTAL Outstanding £m.	TOTAL Change on month £m.	BARCLAYS Outstanding £m.	BARCLAYS Change on month £m.	LLOYDS Outstanding £m.	LLOYDS Change on month £m.	MIDLAND Outstanding £m.	MIDLAND Change on month £m.	NATIONAL WESTMINSTER Outstanding £m.	NATIONAL WESTMINSTER Change on month £m.	WILLIAMS & GLYNS Outstanding £m.	WILLIAMS & GLYNS Change on month £m.
LIABILITIES												
Total deposits	54,340	+19	14,888	+4	10,073	+66	11,306	+14	16,321	−51	1,752	+15
ASSETS												
Cash and balances with Bank of England	1,185	−288	336	−109	198	−112	274	−21	335	−51	42	+5
Market loans:												
U.K. banks and discount market	12,370	+1,574	2,972	+291	2,693	+413	2,094	+275	4,284	+610	327	+15
Other	9,702	−24	2,810	+138	2,566	+8	1,431	−4	2,609	−174	286	+7
Bills	1,214	−153	255	−10	113	−4	434	−104	363	−35	48	—
Special deposits with Bank of England	106	−474	39	−139	3	−79	26	−105	34	−137	4	−14
British Government stocks	2,241	−24	525	+24	436	—	418	+21	747	−53	114	−16
Advances	29,109	−374	8,453	−119	4,294	−81	6,823	−60	8,531	−123	1,007	+9

TABLE 3. CREDIT CONTROL *INFORMATION* (Parent banks only)

	TOTAL Outstanding	TOTAL Change	BARCLAYS Outstanding	BARCLAYS Change	LLOYDS Outstanding	LLOYDS Change	MIDLAND Outstanding	MIDLAND Change	NATIONAL WESTMINSTER Outstanding	NATIONAL WESTMINSTER Change	WILLIAMS & GLYNS Outstanding	WILLIAMS & GLYNS Change
Eligible liabilities	24,838	−1,011	7,625	−330	3,737	−146	6,088	−123	6,509	−389	861	−24
Reserve assets	3,265	−64	977	−52	514	+12	825	+16	835	−37	114	+3
Reserve ratio (%)	13.1	+0.2	12.8	−0.1	13.7	+0.8	13.6	+0.6	12.8	+0.2	13.2	—

Slow growth is making poor poorer

By David Freud

THE MAIN impact of slow economic growth was to make the poor poorer, Prof. Wilfred Beckerman, of Oxford University, told the British Association yesterday.

The likely continuance of slow growth in the U.K., as well as most of the rest of the developed world, implied the persistence of high rates of unemployment and increasing poverty.

This meant that for most of the population slow growth mattered very little, "but for the poor, or near-poor, it is of the utmost importance."

Over the long run povery in the U.K. had not fallen at all, and in the last few years it had increased. This suggested that relief or prevention of poverty was not given its due place in the priority of objectives.

Between 1973 and 1975, the number of families that would have fallen below the poverty line in the absence of all benefits rose from 6.6m to 7.7m.

On a post-benefit basis the number of families in poverty was smaller, but it still rose slightly, from 1.04m in 1973 to 1.10m in 1975.

These figures, however, considerably underestimated the real impact of slow growth on poverty in the U.K. There were four main reasons for this:

● The increase in poverty was caused less by an increase in the numbers of poor than by an increase in the poverty of those already poor.

● The small increase in total poverty was made up of a rather sharp fall in poverty among those over pension age, which was more than offset by an even sharper rise in poverty among the rest of the population.

● The estimates have been brought up to only the end of 1975 and the prolonged recession later *has undoubtedly* worsened the living conditions of the poor and near-poor.

● The poor have probably been hit harder by price increases over the last few years because of the large relative weight in their expenditure of basic items.

Overcrowding of radio spectrum now 'crisis'

BY DAVID FISHLOCK, SCIENCE EDITOR

A WARNING that the first natural resource to be exhausted would be the radio spectrum—airwaves—was given yesterday by Professor William Gosling, head of the School of Electrical Engineering at Bath University.

Giving his Brunel Lecture at the annual meeting of the British Association, Professor Gosling said that over-congestion of the radio spectrum was a crisis "already with us in acute form." For good scientific reasons, no still-untapped resources of radio spectrum could ever become available.

Europe was particularly vulnerable to "spectrum pollution" because of its high population density extending over very large areas, in *contrast to the U.S.*

For that reason we could not look to the U.S. for technical solutions—although there, too, there was beginning to be an appreciation of the magnitude of the problem.

But it was a problem deserving of some of the best engineering talents. It would be foolhardy "if we were not to insist on the highest attainable technical standards in the design of all our future communications systems which use radio."

Professor Gosling later said the latest abuse of the radio spectrum was the experimental introduction of over-the-horizon radars, first by the Russians and then by the U.S., in the last year or so.

When transmitting, these extremely highly powered radars were proving very destructive to *communications.* Large parts of the short wave were rendered unusable.

Atom waste objectors

OBJECTORS TO British Nuclear Fuels' plans for re-processing nuclear waste provded the overwhelming majority of material submitted to the Windscale inquiry last year.

Witnesses objecting totalled 84, while all other witnesses for the company and the Government totalled 57.

The objectors submitted 1,100 reference documents, compared with 575 from all other sources; and 92 proofs of evidence compared with 44 from all other sources.

These figures were given by Mr. Peter Mummery, a British Nuclear Fuels executive, during a discussion on public participation in the decision-making, which focused mainly on the Windscale inquiry.

The outcome of the inquiry *was rejection by the Inspector,* Mr. Justice Parker, of all 17 issues raised by the objectors.

Prof. Marie Jahoda, of Sussex University, who chaired the discussion, provided several examples where efforts to encourage patricipation had been rebuffed because those whose participation was sought thought they had nothing to contribute—and were even hostile to the idea of participation.

Her examples ranged from U.S. unions invited to participate in industrial decisions, through *university cleaners asked to take* part in running their university.

Figures confirm wine trade success

BY KENNETH GOODING

FURTHER CONFIRMATION of the wine trade's continued good fortunes comes today with statistics which show that clearances from bond in the year to the end of June rose more than 7 per cent compared with the previous 12 months.

Clearances for the year rose more than 5m gallons (equivalent to *roughly* 42m bottles) to nearly 73m gallons (438m bottles).

Dr. Peter Hallgarten, chairman of the Wine and Spirit Association, described the figures as satisfactory. "While theadvance in trade volume could have been greater, there is no doubt that merchants have worked hard to *keep the trend moving upwards.*"

The wet summer weather might have dampened trade in July and August, but "traders are gearing up for an extremely busy final quarter."

The clearance figures for the industry would have looked even better except for a technical distortion in June which resulted in a drop of almost 50 per cent in clearances of light wines from non-EEC countries.

The fall was more than 1m gallons (6m bottles) to 1.04m gallons. *Figures in June* last year were inflated by a flood of Cyprus sherry on to the market at the beginning of a new period of the quota system agreed with the Common Market.

This distortion has now been reduced by the revised terms governing trade between Cyprus and the EEC.

Sales of "made" wine, usually described on the label as "British," rose by 5 per cent in the year to June compared with the previous 12 months. The increase was of 608,000 gallons (3.6m bottles) to 12.8m gallons (76.8m bottles).

Bottle saving scheme extended

By Kenneth Gooding, Industrial Correspondent

THE "bottle bank" scheme for recycling glass containers has met with unusually wide acceptance and is to be expanded rapidly.

The scheme, launched a year ago by the Glass Manufacturers' Federation in conjunction with various local authorities, is being extended today to Edinburgh. Leeds will join in next week, with Glasgow, Stirling, Falkirk, Kirkcaldy and Alloa following on soon after. This will take the number of bottle banks to 30 by the end of the year.

Bottle banks are large containers sited mostly in busy shopping centre car parks. Waste glass bottles and jars are deposited in separate compartments for brown, green and clear glass. The glass is then sold to a glass manufacturer by the local authority and recycled.

About 2m tonnes of glass for containers is produced each year in Britain, equivalent to about 6.5bn bottles and jars. About 1.4m tonnes ends in the dustbin. This waste could be worth about £11m to local authorities, less their own costs.

A survey by England, Grosse and Associates, commissioned by the federation and published today, says: "It is very unusual in our experience for a survey to show so few objections being raised to a new scheme or for such a scheme to be so widely accepted by all classes and age groups.

Unanimous

"It is equally unusual to find such a very wide awareness not merely of the existence of such a scheme but also of its purpose and of the way it works.

"We gave people every opportunity to criticise its workings, its locations and motives. The main objection raised in consequence was that sometimes the bottle banks got too full, but there seem few other problems."

According to the survey there was almost unanimous agreement on the conservation advantages of bottle banks. Of those questioned, 91 per cent said that the scheme eased their "guilt" feelings at throwing away bottles, knowing the glass could be recycled.

Users of the banks are of all age and social groups, with a strong bias towards women and the over-35s.

Carpet trade seeks Government help

BY RHYS DAVID, NORTHERN CORRESPONDENT

A CALL for a Government aid scheme to help carpet manufacturers scrap unwanted capacity was made yesterday at Harrogate International Carpet Fair by Mr. Michael Aykroyd, president of the British Carpet Manufacturers' Association.

Mr. Aykroyd, managing director of Firth Carpets, West Yorkshire, said that measures similar to the Wool Textile Industry Act and scheme were needed, providing manufacturers with grants of more than scrap value in return for the break-up of equipment.

His proposals came after growing concern in the industry over excess capacity, particularly in tufting, and the effect it is having on prices.

Though price competition has driven a number of companies out of business, equipment is being resold at very low prices to small operators who are able to start in business for only a modest capital outlay. As a result, the tufting industry is thought to be able to produce 50 per cent more carpet than can be sold.

A big talking-point at Harrogate this week is the recent sale of plant and equipment, estimated to be worth more than £500,000, from a factory in Scotland for about £20,000, at auction. A backing plant for adding foam rubber to tufted carpets, worth £350,000 new, was sold for £5,000, though it is expected to cost its new owners £60,000-£70,000 to move, and tufting machinery worth more than £30,000 was sold for £700.

The call for Government help to reduce over-capacity comes after last month's appeal by the carpet trade unions for a Department of Industry inquiry into problems and prospects facing the sector.

The unions have made the point that although the industry is relatively healthy, dominating the home market and selling large quantities overseas, problems could arise within the next few years.

Improvements

At the instigation of the carpet unions, the TUC will press ministers for the establishment of a working party which would bring management, trade unions, and the Government together to look at the industry's future within the context of the Government's industrial strategy. So far, however, the employers have not given their support to this initiative.

Mr. Aykroyd claimed that the gloomy picture of the industry being presented was being overdone. Employment had fallen from 46,000 in 1974 to 38,000 last year, but production had increased over the same period from 150m to 162m sq. metres. Much of the job loss, therefore, had been the result of improvements in efficiency.

Imports, too, continued at a much lower level than in other textile sectors, reaching a total of £42m last year compared with £33m in 1976. About half the imports came from the Republic of Ireland, but there was a potential threat emerging from other parts of the world, including the EEC, the developing countries and the U.S.

Recommendations on how the industry should meet the challenge of imports were being drawn up by CITTA, the European federation of carpet manufacturers for presentation to Comitextil, the overall organisation for textiles in Europe, shortly.

Mr. Aykroyd confirmed that in export markets the UK carpet industry has suffered a setback in the first half of this year.

Exports totalled £142m last year, but in the first six months of this year they were down to £62m, compared with £75m in the same period last year.

The decline in the value of the dollar, tariff and other restrictions in some markets, as well as intense price competition, are blamed for the fall.

Welsh development defended against Commons criticism

BY ROBIN REEVES

MR. EMRYS ROBERTS, chairman of the Development Board for Rural Wales, yesterday hit back at Commons criticism of the number of Government bodies promoting development in Wales.

He told a consultative meeting with local authority representatives at the board's Newtown headquarters that if the board had not been set up 18 months ago, the 35 advance factories in mid-Wales which now have tenants could still be standing empty.

Last week's Commons select committee report on unemployment suggested that too many bodies were concerned with economic development in Wales, causing confusion, particularly among businessmen.

Besides the board, the Welsh Office, the Welsh Development Authority, the Development Corporation for Wales and local authorities are actively involved in attracting new jobs to the principality.

Mr. Roberts underlined his board's considerable success so far—factory lettings in the board's area averaged only five a year before its establishment—and pointed out that it was specifically concerned with an economic and social problem arousing increasing concern throughout Western Europe. This was the decline of small rural towns and villages.

"It is no use being nostalgic. If we want villages to survive, we must think of new ways of making them viable and thriving places."

To this end, the board had embarked on the biggest advance factory building programme ever undertaken in mid-Wales. A total of 42 new factories have extensions, amounting to 285,000 square feet, and factories costing more than £4½m were being constructed at eight locations.

Mr. Roberts was in no doubt that the growth of manufacturing industry in mid-Wales was essential to the repopulation of the area, and the attraction of industry from outside was the quickest, most immediate step.

On its own, this was not enough. Beside the introduction of new industry, there had to be growth from within the region, and the board was devoting substantial resources to that work.

Peachey £10m flats sale fails

By John Brennan, Property Correspondent

PEACHEY PROPERTY Corporation is holding a £1m. deposit from Mr Mubarak Al-Hassawai, a Kuwaiti millionaire, after the break-down of talks on the purchase for £9.9m of the 540-flat Park West complex in London's West End.

Mr. Al-Hassawai paid the deposit on Park West two months ago when he agreed to buy the block. However, the sale of Peachey's 117-year lease on the building was blocked in July when its freeholder, the Church Commissioners, won a High Court action preventing completion.

The Commissioners did not want the building administered by a foreign-based company, "because of the difficulties in holding such lessees to the terms of covenants in the lease."

The Commissioners won the case on the technical point that Mr. Al-Hassawai's purchasing company, the Leichtenstein-based Interlec Investment Corporation, had not been formed at the time the legal action started.

Lord Mais, Peachey's chairman, described the legal delay then as no more than a "hiccup" in the sale negotiations.

Peachey is now convinced, however, that Mr. Al-Hassawai has abandoned the deal.

Breach of contract

In a statement issued to the Stock Exchange yesterday it said that Mr. Al-Hassawai had "failed to give sufficient information to Peachey to enable it to obtain a licence to assign from the freeholder.

"Peachey regard the failure to provide the required information as a breach of contract by the purchaser." In the circumstances, the deposit had been put in the hands of Simmons and Simmons, Peachey's solicitors.

Mr John Brown, Peachey's managing director, said yesterday that Park West was back on the market. More than 100 of the 540 flats were vacant, giving the block considerable appeal to a residential property trader able to "break-up" the complex and sell leases on individual flats.

The Church Commissioners are understood to be willing to sell their freehold interest in the block, which would be necessary for a "break-up" operation, for about £2m.

Mr. John Rogers, marketing director, Weybridge/Bristol Division (left) and Mr. J. Thorne, at Farnborough yesterday.

British Aerospace spends £100m to update aircraft

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AEROSPACE, the nationalised aircraft group, plans to spend up to £100m of its own money over the next few years in improving existing types of civil aircraft.

This will be in addition to the £250m it plans to spend on developing the Type 146 feederliner and the £50m it is expected to spend on its share of the new A-310 version of the European Airbus if it rejoins the European Airbus Industrie group.

Among the new ventures the group is planning are:

- A new version of the Type 125 business jet aircraft, named the Series 800, which may cost £50m to develop;
- An improved version of the twin-engined Type 748 light transport aircraft;
- A new version of the Jetstream commuter airliner;
- *Further improvements to the* One-Eleven short-range jet airliner.

The aim is to ensure a share in the big markets for airliners which is expected to emerge in the next 10 to 15 years.

Mr. J. Thorne, managing director of the Aircraft Group of British Aerospace, said at the Farnborough air show yesterday that between now and 1995 the world market for airliners would amount to 6,400 aircraft, worth about £68bn.

Of this, about £25bn would be for 250-400-seat aircraft, about £20bn would be for the 200-250-seat range, about £16bn for those in the 140-190-seat bracket, and the rest for the 70-130-seaters.

British Aerospace intends to be in most of these markets so that it can win a large share of the sales.

Offshore wind power studies

STUDIES OF the cost and feasibility of siting wind generators in shallow waters off the east coast of England are being made by the Central Electricity Generating board.

Mr. Glyn England, chairman of the board, said that if large machines strong enough to withstand gales and heavy seas could be developed, offshore wind power might be competitive with conventional power-stations, if the real costs of fossil fuels were to increase considerably.

Another million

THE 1,400 miners at a pit in Thoresby colliery, near Mansfield, Nottinghamshire, have produced 1m tonnes of coal so far this year. It is the 26th time in the pit's 50-year history that the figure has been reached within 12 months.

Auctions season opens with rare wines

BY EDMUND PENNING-ROWSELL

Christie's and Sotheby's are starting their season this month with sales of exceptionally rare and fine wines.

Christie's, for its auction on the 21st, has unearthed another bottle of Lafite 1806. A year ago a bottle of this wine fetched £8,300, a record price for a single bottle of wine, described as probably the oldest authenticated claret in drinkable condition. The 1806 is included in a run of 12 vintages of Lafite down to 1906.

They are accompanied by a line of Latours from 1881 to 1947, a range of old sauternes, beginning with Yquem 1871, and many bottles of 19th-century claret.

There are also 16 bottles of Pol Roger '21, recently disgorged in Epernay, a selection of old champagnes of leading inter-war vintages, a long line of 19th century madeiras, and a 1789 Cama do Lobos.

The leading feature of Sotheby's sale on the 29th is more than 30 dozen bottles and magnums of Domaine de la Romanée-Conti burgundies from 1945 to 1961.

From a French nobleman's cellar comes a collection of rare first-growth clarets. This includes no fewer than 10 dozen Cheval Blanc '47, perhaps the most esteemed claret of the post-war era.

An unusual item is the first-growth clarets, bottled in Belgium in the days when these chateaux still sold in cask.

FT journalist wins award

CHRISTOPHER LORENZ, management editor of the Financial Times, yesterday received the 1978 SIAD Burton Group prize for his articles this year on innovation and design.

The award is jointly sponsored by the Society of Industrial Artists and Designers and Burton Group, the menswear retail chain. Its purpose is to encourage a multi-disciplinary approach to design.

It is the first time that it has been given to a journalist.

Special Branch dossier fears

SPECIAL Branch dossiers have been compiled on most, if not all, of the 1,127 TUC delegates, a union leader said yesterday.

Congress decided to urge the Government to initiate an independent inquiry into the functions and activities of the Special Branch and the Special Patrol Group.

This was enshrined in a motion submitted by Mr. Doug Grieve, General Secretary of the Tobacco Workers' Union and amended by the Association of Cinematograph, Television and Allied Technicians. It was supported by the General Council.

Mr. Len Murray, the TUC General Secretary, said the motion should not be interpreted as an attack on the police force as a whole, nor on the men and women who worked for it.

It simply underlined that the activities of certain police groups have caused widespread concern to trade unionists and others.

Mr. Grieve said the operations of the Special Branch and Special Patrol Group reflected an attitude among part of "The Establishment" that trade unions were a potential threat to society.

The Special Branch was instructed to spy on trade unionists, even when they were engaged in proper union activities.

Undemocratic activity was being carried out in the name of protecting democracy, he said. Files had been compiled on perhaps most of the delegates at Congress, solely because they were trade unionists. The Special Branch also divulged information—often inaccurate—to employers.

Telephones were tapped and mail intercepted, as part of a general surveillance of trade unions' normal legal activities. During the last major seamen's dispute, officials of the National Union of Seamen were followed by the Special Branch and there had been cases of the Special Branch trying to lure students into working as agents.

Mr. Grieve said that statements by Government officials, covering the definition of subversion, had been alarming.

The activities of trade unionists did not present a threat to society. The biggest threat lay in the mismanagement of industry and international finance.

Mr. Alan Sapper, General Secretary of the Television and Allied Technicians, said the Special Patrol Group was designed as a civil control force for use in demonstrations where militants were thought to be ready to cause disturbance.

"We want an inquiry," said Mr. Sapper, "and we want protecting, not brutalising."

At Grunwick, lawful calm pickets had been attacked by a 'rushing mob' of Special Patrol Group officers "using fist, boot, elbow, and crash helmet."

An inquiry had to ascertain who controlled the Special Patrol Group and who decided on its deployment and training.

All arms of the police force had to be under acceptable forms of democratic control, added Mr. Sapper. "It must protect us, not beat us up."

Unions pledge election support for Labour

PM warns on inflation

THE PRIME Minister, Mr. James Callaghan, told Congress yesterday that the lack of a national consensus on pay policy increased the Government's responsibility to ensure that wage settlements were at levels the country could afford.

Without a consensus, Britain was more likely to "indulge in a scramble in which the devil takes the hindmost and the weakest goes to the wall."

In a long speech, interrupted occasionally by heckling, Mr. Callaghan warned of the consequences of pushing for settlements above 5 per cent. There was no reason why present working hours should be "immutable" but reductions should be self-financing or offset against the pay guideline.

He also chided the unions doing too little to keep down the average rate of settlements during the last pay round, and for not taking as much advantage as they could in reducing anomalies within the 10 per cent.

He said that there was no difference between the Government, the trade union movement, and the country as a whole on the objective of reducing inflation.

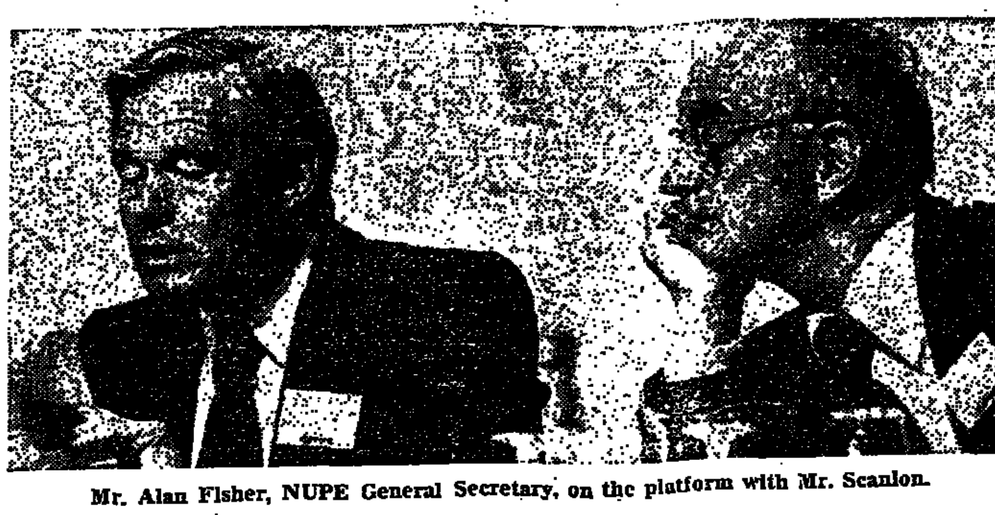
"This has been a source of great strength to the Government, for if we were left to fight the battle against inflation on our own it would be like putting the cavalry in to charge the tanks."

Pay was not the only element in inflation, but it was a vital factor. He understood why the unions had said that they could not accept a 5 per cent centrally fixed figure.

He said that free collective bargaining served the interests of union members only if it produced real increases in their pay packets.

The economy was beginning to grow at the rate of 1 per cent a quarter. When he said inflation had declined from 17 per cent a year ago to between 7 and 8 per cent, and that living standards were continuing to improve, a few delegates shouted "Rubbish."

However, earnings increases for the year look like being about 14 per cent, with possibly 1 to 2 per cent resulting from self-financing productivity deals, so inflation was a little higher than it would otherwise have been.



Mr. Alan Fisher, NUPE General Secretary, on the platform with Mr. Scanlon.

The Prime Minister told the unions that if they pressed for settlements on the basis of matching the level of inflation, they would be "stepping on the escalator, going up once again."

Mr. Callaghan asked negotiators to make full use of kitty principle, as well as the special provisions or the low paid in the Government's White Paper.

He urged that any move towards reduced hours would best be done in concert with Britain's international competitors.

That was the importance of a study begun by the Government on the consequences of introducing micro-electronics on a much wider scale.

The Prime Minister emphasised that the Government attached great importance to the industrial strategy and its wide-ranging involvement in the development of semiconductors, and microprocessors reflected this.

But no one should expect the industrial strategy to produce miracles overnight, and it would take time to reverse "the deep trends of the past." Beyond that, there had to be international agreement that no single country could provide a solution to the problem of world recession.

Trade unions must "give from their political funds until it hurts" and work as never before to secure the return of a Labour Government in the next General Election, said Mr. Hugh Scanlon, President of the Amalgamated Union of Engineering Workers.

Mr. Scanlon, who retires next month, received a prolonged standing ovation when he followed the Prime Minister to make what he described as his swan song speech to Congress. His motion affirming support for the return of a Labour Government was received with a cry of "Aye."

Some writers had implied, he said, that the trade union movement's relationship with the present Government had always been easy.

In fact, some people had "jeopardised friendships of a lifetime" facing up to the problems and responsibilities of carrying out policies of Congress and individual unions. The movement had faced the worst recession since the 1930s and had been forced to look again and again at long-standing trade union policies.

"Can anyone seriously pretend that, given our difficult and exacting problems, we will get the inspiration and sense of fairness and national co-operation from those who currently comprise Her Majesty's Opposition?"

But, he concluded, "when the time comes to close our ranks we know who our friends are." The unions would have to give generously to counter business money which would be going to the Conservative Party but trade union strength had never depended upon large deposits in the banks.

Mrs. Margaret Thatcher remained determined to destroy the last relics of the industrial policies which the Heath Government espoused with her support only five years ago, Mr. Denis Healey, the Chancellor, said yesterday.

He told a Fabian Society meeting that she was committed to breaking off Government co-operation with business as well as trade unions.

Those of her supporters who knew somthing of the real world were "quite appalled" by the policies being proposed.

The problems of a modern industrial society, said Mr. Healey, would not yield to "half-baked extremism" based on the dogmas of the early 19th-century."

They required increasingly close co-operation between the Government and both sides of industry.

Callaghan takes tough stance

BY PHILIP RAWSTORNE

WITH the TUC already offering its hand, Mr. James Callaghan wasted few words at Brighton yesterday on wooing the unions afresh.

He promised a fruitful relationship—but warned that he would not be a submissive partner. "You know our views and we shall not depart from them."

The Prime Minister's speech had been preceded by a debate on occupational hazards. Mr. Callaghan seemed to have calculated that there was more political risk in an over-familiar embrace of the unions than in keeping them at an amicable arm's length.

Pointing firmly at delegates, he stressed that the Government would adhere to its 5 per cent policy. Togetherness in the 1980s depended on it. Th fact that there were differences over the issue merely increased the Government's responsibility, Mr. Callaghan said.

If the unions used their muscle to secure higher wage settlements, the result would be increased in flation. "I do not wish to stand here on a false prospectus," he declared.

Restraint, he said, brought real increases in living standards. "Rubbish," some delegates replied.

There were incredulous gasps as Mr. Callaghan added that any reduction in working hours would have to be financed by higher productivity or set against the 5 per cent limit. When some delegates protested, he said: "It is up to you whether you take good advice or not."

Mr. Callaghan reasserted the Government's determination to achieve economic, industrial and social progress. "We will fight for what we believe to be in the best interests of the country and our people even if it is not instantly popular."

If the unions had any doubts about their prospective partner, Mr. Callaghan offered them the alternative hard-faced image of Sir Keith Joseph.

It was more than enough—Mr. Hugh Scanlon and Mr. David Basnett rushed the conference willingly to the General Election nuptials.

As for the date, Mr. Callaghan teased: "I shall be indicating my intentions very shortly." The general view was that he was unlikely to risk a long engagement.

Congress reports by Christian Tyler, Labour Editor, Alan Pike, Pauline Clark and Nick Garnett. *Photographs by Terry Kirk.*

Unions accused of breaking law

THE Conservative Party yesterday struck back at a gathering trade union campaign for a Labour victory with a claim that some unions might be breaking the law on general election campaign spending.

It produced evidence to show that the Midland region of the building union, UCATT, was releasing full-time officials for the duration of the campaign to work full time for Labour in vulnerable constituencies. It quoted extracts from a bulletin sent out by the regions on August 28.

Mr. John Bowis, of the Conservative Trades Union Department at Central Office, made this claim yesterday in Brighton, where he is visiting the TUC Congress.

"We believe that a number of unions are in danger of finding themselves outside the law. They should be very wary of doing this, for the sake of their members.

"We also believe it is quite wrong of any union to withdraw the services that members have paid for with their subscriptions for the sake of a political party which vast numbers of their members do not support."

UCATT executive members replied yesterday that they were well aware of the law governing the use of funds. Mr. Danny Crawford, an executive member, said that his union had not made specific instructions.

"It could be that some regions have misinterpreted our circular. Of course, as an affiliate of the Labour Party, we are making a special effort for this campaign."

Mr. Bowis said that the salary of any full-time union official seconded to the campaign should be set against allowable election expenses—about £1,500 to £1,700 for most candidates.

He said that the white-collar union, ASTMS, had singled out 103 constituencies for support. That meant fighting for specific candidates with the result that all money should properly be accounted for by their election agents.

He pointed out also that unions were bound by law not to use their general funds for political purposes, but only their political funds. The Conservative Trade Unionist organisation was still awaiting a reply to its complaint to the Home Secretary.

Union leaders now working towards a target of £1m for the campaign—the miners have decided to empty their political funds to give £100,000—are conscious of the problem and some have taken legal advice.

Mr. Bowis said that his organisation itself was mobilising support from its members for Conservative candidates: "We have some full-time union officials, but they are not being given time off to work full-time for the Conservative Party."

Safety at work advice

EMPLOYERS WERE warned yesterday that, unless they geared themselves up to occupational health and safety standards, they would find themselves "very hard-pressed indeed" by the introduction next month of safety representatives with statutory backing in workplaces.

Mr. Terry Parry, General Secretary of the Fire Brigades' Union and chairman of the TUC Social Insurance and Industrial Welfare Committee, said that the role of the trade union safety representative was largely to act as a "watch-dog."

They would ensure that employers fulfilled statutory and other health and safety obligations, and they would be asking searching questions and demanding detailed answers.

On social security, Mr. Parry said that, while the present system was valued, there was still need for improvement, especially for the long-term unemployed.

A policy had already been agreed by the TUC which sought entitlement to long-term rates of supplementary benefit for this group, on the same basis as other claimants. It also sought an immediate reduction in the qualifying period for long-term supplementary benefit for all claimants from two years on benefit to one year.

Mr. Jim Murphy, senior Vice-President of the National Union of Teachers, said the union was "deeply concerned" about safety standards in schools.

Although the Health and Safety at Work Act was designed with employees in mind, when the work-place was a school then the interests of children transcended all other considerations.

Children were curious, active, and adventurous. If there was an element of danger in their environment, they would seek it out. Yet, schools had been deprived of protective legislation, while education expenditure cuts had added new dangers.

"Cheeseparing" on new buildings and equipment, leading to bad lighting and the use of cheap floor-polish, meant that children were being put at risk to save money.

"The Government must put money where its mouth is on health and safety matters," he said.

The special problems of safety in the construction and agricultural industries were also highlighted. Mr. Glynn Lloyd, of UCATT, the construction workers' union, said that the chances of workers being killed in the industry was still 25 times higher than in manufacturing.

Mr. Jack Boddy, General Secretary of the National Union of Agricultural and Allied Workers, underlined the problems of workers whose unions were not able to negotiate individual agreements with all employers. His own union was among those which were excluded from the right to bring in safety representatives.

Yet some 100 agricultural workers were killed every year, while official figures showed that between 5,000 and 6,000 were injured each year.

A call for civil servants to be given the same legal protection in their work as other private sector employees was led by the Institution of Professional Civil Servants.

In recent legislation, Crown employees were only partially protected by the Health and Safety at Work Act.

Better pensions deal wanted

THE Transport and General Workers' Union committed itself yesterday to a tougher campaign for better pensions.

Mr. Moss Evans, the new T and G general secretary, emphasised that he would continue the work of Mr. Jack Jones, his predecessor, who has been a leading campaigner for trade union action to improve pensions and secure early retirement.

Mr. Evans said that rising unemployment had increased the urgency for action to reduce the retirement age. There were forecasts already that, without reducing retirement age, there could be 6½m unemployed by the end of the century.

A proper living wage for pensioners was the first priority. Mr. Evans was moving a motion which called on the Government to meet the demand for state pensions to be not less than half of average gross male earnings for a married couple, and a third of average gross male earnings for a single person.

The motion also called for eligibility for state pension to begin at 60, and a fully-paid phased reduction of the working week, to help older workers to adapt to increased leisure.

He emphasised the need to improve the quality of life for those who retired after 40 years work, and suggested that a start might be made in 1979 in selected areas, such as hazardous industries and among disabled workers.

But with pensions at their present levels, retirement could be a nightmare, instead of a time in life to enjoy.

Mr. Ray Buckton, General Secretary of ASLEF—the train drivers' union—said that trade unionists rejected the suggestion that there should be a compromise in the reduction of the retirement age to 63 years for men and women alike.

Delegates cheered when he criticised the Government for being prepared to spend millions on nuclear submarines, instead of making pensions a top priority.

Mr. Alastair Graham, Deputy General Secretary of the Civil and Public Services Association, said there was a fundamental flaw in Government moves to make pensions inflation-proof. The Government should be required to guarantee that it would make up the difference, if its forward forecasting on price and wage increases were wrong.

● M.. Len Murray, TUC General Secretary, yesterday linked the trade union campaign for a shorter working week to pensions.

He told the pre-retirement magazine Choice that a reduced working week would help cut unemployment and extend leisure into work time to improve jobs.

If increased leisure became part of the way of life, its real benefit was that when workers reached the age of 65 it was not a sudden change of attitude, income and satisfaction.

Workers would be actively prepared for the change on the basis of a different attitude towards work.

Equality campaign planned

CONGRESS backed a motion instructing the General Council to organise and lead a campaign for full equality for women in all aspects of life.

All affiliated unions would be asked to support the campaign.

Mr. Grenville Young, executive member of the National Union of Bank Employees, proposing the motion, said a moral, social and economic revolution was needed, and the trade union movement was the best vehicle to carry it through.

Mrs. Pat Turner, of the General and Municipal Workers' Union, said the standards that individual unions set for themselves on the issue would help to set the standard for what happened elsewhere.

Women counted for about one in three of the nearly 12m trade unionists in the UK, but, despite this numerical strength, they were under-represented at all levels of the trade union leadership.

The image of the trade union movement remained "inescapably male-dominated," said Mrs. Turner. Positive measures from individual unions were essential, so that women were put on an equal footing with men.

If attention was not given to ways of involving women in the mainstream of trade union affairs, there was a threat of "potential disaffection" from female unionists.

Guy keeps council seat

A BID to unseat Mr. George Guy, Communist General Secretary of the Sheet Metal Workers' Union, from the TUC General Council failed yesterday.

The Amalgamated Union of Engineering Workers, now under right-wing control, withdrew support from Mr. Guy in favour of Mr. Bob Garland, General Secretary of its foundry section. Final voting, however, was 6,902,000 for Mr. Guy and 4,811,000 for Mr. Garland.

Today's agenda

CONGRESS business today is likely to be dominated by debates on economic policy, and by the expected introduction of an emergency motion on multinational companies and Chrysler UK.

Also on the agenda are motions on the North Sea oil industry, transport, industrial democracy and broadcasting.

Tory race statement 'fostered hostility'

THE TUC Congress heard yesterday that the Tory statement on immigration earlier this year was deliberately designed to make the electorate hostile to the country's black population.

In a very strong speech, Mr. Bill Keys, chairman of the TUC Equal Rights Committee, said that those politicians, including Mrs. Margaret Thatcher, the Conservative leader, who spoke about immigration controls, wanted the electorate to think about race "with hostility" and that meant hostility towards coloured men and women.

It was "dishonest and cowardly" for political parties to drop hints about new immigration control and then give "only coy and feeble answers" as to what sort of controls they wanted. The Tory statement was one of "political expediency."

Mr. Keys, speaking on the work of the Equal Rights Committee, said the General Council was already discussing with the Labour Party ways to strengthen the law to combat the development of racial tensions.

"The General Council is concerned that the legal provisions currently governing racist activities and incitement to racial hatred are inadequate."

It һelieved that bans under the Public Order Act must be applied much more selectively to restore the right of trade unions to march, but to restrict those seeking to instigate disorder.

If the law as expressed through the Race Relations Act was unable to check those people—Mr. Keys mentioned Mr. Martin Webster of the National Front in that context—then it had to be strengthened.

"It is 20 years since Mr. Justice Salmon, in sentencing thugs from Notting Hill, said that 'everyone, irrespective of the colour of their skins, is entitled to walk the streets in peace, with their heads high, and free from fear.'

"Twenty years have passed, the thugs are still on the streets and we have yet to sweep fear from the streets."

Mr. Keys also said that Britain had a long way to go before its people could say that women stood as "full equals" within society.

Trade unionists were aware that the introduction of the Equal Pay Act would not eliminate pay discrimination overnight.

He agreed that one of the "fundamental weaknesses" of the Equal Pay Act is that its first section gives the impression that only women doing the same work as men, or those whose jobs had been evaluated and given an equal rating, were entitled to equal pay.

All too often the Equal Pay Act helped to create "pay ghettos." Proposed amendments to the Act by the TUC sought to correct anomalies.

The General Council would also be examining the Sex Discrimination Act.

Secrets veto

Mr. David Basnett, TUC president, yesterday refused to allow a debate on the "Colonel B" secrets case.

The National Union of Journalists wanted delegates to criticise the prosecution of two journalists and a former army corporal under the Official Secrets Act. The case against John Aubrey, Duncan Campbell and John Berry opened at the Old Bailey yesterday.

An NUJ motion called for the Attorney-General, Mr. Sam Silkin, to drop the prosecution.

Mr. Basnett refused to allow the debate. An NUJ spokesman said later: "He said he had received a letter from the NUJ which he wanted time to consider. We are confused by his remarks.

"All we said to Mr. Basnett was that the NUJ speaker, in moving the motion, would keep to sub judice rules which constrain comments on cases in front of the courts.

OTHER LABOUR NEWS

SU toolmakers win support from AUEW moderate

BY OUR LABOUR STAFF

SURPRISE SUPPORT for the striking SU Fuel Systems toolmakers came yesterday from Mr. George Butler, Coventry divisional organiser of the Amalgamated Union of Engineering Workers.

He said the executive must drop the move to expel the men—"and the sooner they do it, the better."

Mr. Butler, a staunch moderate, was a contender for the position of Midlands executive member won by another Midlander, Mr. Teryr Duffy, now President-elect. Mr. Butler faces similar claims from toolrooms at Chrysler, Rolls-Royce, and other Coventry engineering works.

Discipline

He said that the Birmingham executive had got itself into a "rare old jam" from which it was going to be practically impossible to extricate itself.

The union should be thinking of how it could win some money for toolroom men, and not of expelling them.

The way in which the SU men had been dealt with harked back to pre-War discipline in the trade unions.

"As a result, the engineering union is in a state of almost complete isolation from other unions," he said. "No other union would have acted in the same way, and it is understandable that some are proffering sympathy to the 32 at SU. The whole position is untenable."

Mr. Butler also thought that BL management could have been as flexible as when it solved the recent strike at its Llanelli subsidiary by giving production workers who were claiming parity with skilled workers a £208 lump su meach—equal to two years of the difference.

Mr. Clive Jenkins, general secretary of the Association of Scientific, Technical and Managerial Staffs, said yesterday that a letter sent to supervisors at the SU factory advising them not to take over striking toolmakers' work had not been endorsed by him or the ASTMS executive.

The letter was written by Mr. Stan Jefferson, an ASTMS executive member and chairman of the union's branch which covers the SU factory. Mr. Jefferson has said that he believes the supervisors have sympathy with the toolmakers.

Mr. Jenkins said that the toolmakers' dispute was an unofficial one, and ASTMS would not wish to become involved. He had informed AUEW leaders that Mr. Jefferson's letter did not constitute an official ASTMS instruction to its members, and he deeply regretted any embarrassment.

Mr. George Regan, leader of the striking toolmakers, said that he was willing to attend a meeting of the East Birmingham district committee of the AUEW if he was allowed to put the toolmakers' case in the presence of the 31 other strikers.

Meanwhile, Mr. Roy Fraser, the unofficial toolmakers' committee chairman and AUEW convenor at BL's Cowley plant, has failed to win the support of the majority of the AUEW's Oxford district committee in his bid to win a seat on the union's national executive.

Ten of the 18 members of the committee are supporting Mr. Len Choulerton, the official left candidate in the fight to succeed Mr. Reg Birch as the executive member for the South Eastern division, which includes Oxfordshire.

AUEW politics divide on organised left-right lines, and it is notoriously difficult for a non-aligned candidate to win the votes of the respective groups.

Mr. Fraser gained 18,000 votes in the union's election to find a successor to Mr. Hugh Scanlon as president.

● Shop stewards representing the 1,500 striking machinists at BL Vehicles' Bathgate plant, will meet the AUEW district committee for the second time tomorrow night to discuss the unofficial dispute.

Precarious

The meeting will follow talks which have been going on over the last two days between the Bathgate management and all stewards at the plant.

BL insisted yesterday that the dispute — over increased payments for operating new machines — was not directly discussed, although there were references to the need to follow negotiated procedures. There was no question of negotiation with the strikers, the company said.

Production of trucks and tractors at Bathgate has stopped, but BL has averted a stoppage at the Albion plant, Glasgow, which depends on Bathgate for lorry cabs, by bringing forward a £500,000 bus chassis order for Barbados.

Getting in an election groove

By Our Labour Staff

A TRADE union leader has gone on record in his fight to keep Labour in power.

A speech by Mr. Alan Fisher, General Secretary of the National Union of Public Employees, is on the B-side of a seven-inch record, released yesterday.

In it he says that the union will be fighting for the return of a Labour Government.

The record, part of the union's campaign against low pay, has been distributed to radio stations and features on the other side a group called Counteract singing a song originally used to link a NUPE film on low pay.

The song, We're Underpaid, calls for a national minimum wage of £60 a week and a reduction in the working week. About 15,000 copies of the disc have been pressed, and the union is prepared to produce more if demand warrants it.

Time Out peace

TIME OUT, the London weekly magazine, is expected to be on sale again tomorrow. A dispute involving journalists and printers which stopped publication of two consecutive issues was resolved yesterday.

The dispute, which involved members of the National Union of Journalists, the National Graphical Association and the Society of Graphical and Allied Trades, was about the employment of an art editor above the £5,000 norm for staff.

Teachers offered 13.5% weighting increase

BY PHILIP BASSETT

MR. FRED Jarvis, general secretary of the National Union of Teachers, said yesterday that he hoped the Government would accept speedily the recommendations of an independent panel which has proposed increases of 13.5 per cent in teachers' London weighting allowance.

An arbitration panel has recommended that teachers and management should decide themselves on how to divide up the 13.5 per cent among inner, outer and fringe areas of London, but it proposes that teachers in the fringe areas should receive some part of the award.

Current allowance rates, which have remained unchanged since April, 1975, are £402 for inner London, £297 for outer London and £150 for fringe areas.

The teachers claimed an increase of 18.9 per cent, and the management replied with an offer of just under 10 per cent.

Allowances for civil servants and local government workers are expected to be affected by the recommendation for the teachers, which will have to be approved by Mrs. Shirley Williams, Education Secretary.

The civil servants' claim is for increases of up to 53 per cent, and the local government workers' claim ranges between 21.05 and 44.13 per cent.

● The NUT is to increase the number of areas where teachers will not cover for colleagues absent for more than one day. A total of 897 schools are now involved in the action, which is aimed at reversing staffing level cuts.

NHS grading formula

BY OUR LABOUR STAFF

UNION OFFICIALS representing 3,000 National Health Service technical staff are expected to recommend today that their proposed industrial action is suspended, pending negotiations on their claim for outstanding pay and grading problems.

A spokesman for the National and Local Government Officers' Association, which represents 78 per cent of the workers involved, said yesterday (Tuesday) that at a meeting last week Mr. Roland Moyle, Minister of State for Health, had told union officials that Mr. David Ennals, Social Services Secretary, had asked the Cabinet to consider whether the technical staff could be made a special case under Stage Four's flexibility provisions.

Stage Four allows for a "small number of groups" to have "exceptional" increases on the lines of those already agreed for, among others, the firemen and police. Some public sector unions have seen this provision as the only possible loophole in the 5 per cent policy.

NALGO said that union leaders had been told that the Cabinet would discuss the special case provision when urgent negotiations had drawn up pay recommendations to meet the technical staff's claim.

A spokesman for the Department of Health and Social Security said that the question of making the technical staff a special case had not arisen at the meeting.

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Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● PROCESSING

Heavy industrial job for a laser

USE OF a powerful laser in what is thought to be the first heavy industrial operation has been disclosed by the EMD (electromotive division) of General Motors, the world's largest research and development spender, ahead of Ford and IBM, *in that order*.

Application is on a diesel engine cylinder liner production line for heat treatment of the liners to promote hardening and reduce scuffing. The latter is a phenomenon which occurs when *piston rings* within the liners penetrate the oil film and run up against the naked metal.

Liners, made of cast iron alloy, are used in turbocharged diesel engines for rail locomotives, as well as marine, oil *rig, power plant* and highway vehicle prime movers. The new treatment should reduce the frequency of preventive maintenance, repair work and the heavy cost of manual intervention.

The company's choice fell on the laser approach to the liner surface hardening problem after hot salt bath and induction heating processes had been considered.

In the case of the hot salt bath, company trials showed that the hardening did not penetrate far enough into the material to suit criteria laid down for the selection of the process. At the same time, electromagnetic induction was shown to have a distorting effect on the *liner* surface.

The laser heating met all three requirements in that it was found to harden the liner to sufficient depth—put by the company's technologists at between 10 and 25 thousandths of an inch; it allowed the hardening process to fit in with the company's high volume manufacturing approach; and it was not fragile, i.e. it could be moved out of the laboratory on to the shop floor with no problems. The laser process also caused no distortion.

Beam width is ¼ inch and power is 5 kW. The beam is *focused* via mirrors on the liner wall from within the cylinder.

As the cylinder is rotated, the laser spot circles the wall from top to bottom in overlays and the result is uniform heating and hardening.

EMD is using a laser built to its specifications by the western division of GTE Sylvania and the operational mechanics of the system were designed by F. J. Lamb of Warren, Michigan.

This is the first installation. The company is planning to set up and use three further laser hardeners on its liner production lines.

EMD, General Motors, La Grange, Illinois, U.S.

● *By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.*

Drying with no loss

MODIFIED Cerco-Semip ovens for the continuous drying of granulated plastics can provide a 25kg/h throughput of material without manual handling when used with the appropriate hopper loader.

The ovens enable almost any material and, in particular, all kinds of granulated plastics, to be heated and dried with mini*mum loss and degradation*. The material is fed from a hopper mounted on top of the oven into a conical basket inside the oven where it is dried for a preset time at a thermostatically controlled temperature between 50° and 150°C. *The dried granules* are then transferred to the production machine by the hopper/loader.

The vent circuit necessary for drying consists of a fresh air inlet passing through an air filter and a hot air exhaust located opposite the control panel. Wet air at 80°C is automatically released by a thermostatic valve and in the case of low temperature drying, venting is carried out manually using a different valve. A *safety interlock prevents* the oven from working when the lid is open.

Cole Equipment, 7 Airfield Way, Christchurch, Dorset BH233TB. 02015 6711.

● SERVICES

Keeps pipes in order

A SERVICE for cleaning existing pipework, removing dirt, debris and scale by manual and mechanical winching, is offered by Dyno-Rod, Zockoll House, 143, Maple Road, Surbiton, Surrey KT6 4BJ.

The technique is aimed at restoring maximum flow capacity to old pipes and is said to eliminate the need for costly excavation for repair or for the laying of new pipes. It is suitable for all standard pipes with interior diameters ranging from 4 inches to 36 inches and above, though access is required through manholes which are not more than 350 feet apart.

Specialised devils, scrapers and buckets are pulled through pipes to remove dirt and debris and these are followed by a full-size squeegee to prove the diameter of the pipework.

The effectiveness of the cleaning operation, says the company, has been checked by visual surveys using television cameras winched through test pipes after cleaning.

The service is now available *throughout* the UK through 60 strategically located service centres of the company.

● ELECTRONICS

Export markets may go

TWO MOVES for the production of electronic semiconductor components, respectively in Iran and in Korea, have far-reaching implications for the big U.S. producers and for those who seek to emulate them in Europe. If the trend continues and extends to other countries who are at present customers for U.S. and European products, the rosy pictures painted by electronic component market forecasters *may well take on another hue*.

In Iran, during the next few weeks, the Shah will open the Shiraz plant of Electronic Components Industries, a wholly Iranian venture in which some $20m has already been invested.

ECI is intended, eventually, to supply all the country's needs for components.

The first stage of the project will start with assembly of finished wafers; integrated circuits and transistors will come into production later this *year*. By the end of 1978 the company will take its first steps into diffusion technology and within the next three years plans to have the ability to make its own silicon crystals and a series of epoxy resins.

Some 52,000 square feet of production area is available and initial production targets are 30m transistors and 15 to 20m integrated circuits a year.

Most of the production will go to the country's military and consumer markets, but an idea of how quickly ECI will have to *absorb advanced technology* can be gained from the fact that it hopes to obtain business connected with the Bell Telephone project—worth several billion dollars—to provide Iran with a fully electronic telephone network. Since ECI is a key project in Iran's long-term plans, it would be surprising indeed if such business were not forthcoming.

The company is certainly planning to have an advanced quality control section, essential from the *outset if* it is to meet targets, and has ordered $2.6m worth of test devices from Teradyne UK at Weybridge.

Four automated test units have already been installed and include two for linear circuits and two *for digital circuits*. A further six machines are on order, four for linears and two for digitals.

Great efforts are being made to attract electronics engineers from leading world companies and at the same time get promising Iranian students trained in U.S. universities. Initial staffing is 230 including 37 engineers.

This is a crash programme with its own built-in market outlets fuelled by oil revenues and by the knowledge that such *revenues are finite. In other* words, Iran has between 15 and 25 years to turn itself into a technically developed country living off products other than crude oil.

In Korea, American Microsystems AMI has reached an agreement with the Gold Star Company of Seoul for the establishment of a joint company to make large-scale integrated circuits of the MOS type.

As in the case of ECI, the output of Korea's Gold Star Microsystems—the new entity—will be primarily for the Korean market.

This venture has a capital of $10m and is expected to be operational by the middle of 1979 with a total employment of 500 *at full output. AMI's* subsidiary, Korean Microsystems, will provide systems assembly support.

To ensure the outlets, a further arrangement has been entered into under which AMI undertakes to develop, over a period of five years and with complete funding by Gold Star, state-of-the-art microcircuits, including specialised microprocessors, for use in Gold Star's consumer appliances and entertainment products.

All these steps are backed by training agreements and the blessing of the Korean Government which sees an important contribution to the country's economy from continued expansion in electronics. Gold Star forecasts $300m turnover this year in an industry which is expanding at 15 per cent annually and this electronics sector now accounts for 6.4 per cent of the country's GNP.

There is food for thought in these developments. But how many European companies can say: "If you can't beat 'em, join 'em" and convince partners in developing countries?

Finer lines on plates

AGFA-GEVAERT research has made possible accurate edge definition for lines down to one micron on photographic emulsion plates used for the production of photomasks needed in the manufacturing process for microelectronic products.

Millimask HD (High Definition), with its own process chemistry, is designed to keep pace with the trend towards *further miniaturisation in* the industry, where component packing densities on integrated circuits are resulting in image detailing down to the one micron level.

With a resolving power of more than 50,000 lines per inch, Millimask HD offers greater definition than any other known bromide emulsion. This significant improvement is due to a smaller *mean grain size*—0.035 microns compared to 0.050 in previous Millimask products, and a thinner spread of the emulsion on the plate—about 4.5 microns instead of about 6 microns.

Exposure latitude is good enough to *allow a 3 micron line* to be reproduced with an accuracy of approximately 0.2 microns, within a relative exposure time varying between 100 and 300 per cent.

Agfa-Gevaert, Copyline, 27, Great West Road, Brentford, Middx. 01-560 2131.

● COMMUNICATIONS

Link is approved

A NARROW-BAND ultra high frequency communications link developed by Pye Telecommunications, the I434, has been type approved by the Radio Regulation Branch of the Home Office.

Suitable for both single channel and "1+1" applications, the system operates at 1.5 GHz and is well equipped to meet the narrow-band *UHF* link requirements of a wide range of users including fuel, power and water authorities, oil and natural gas consortia and the security forces.

The equipment is designed on a modular basis for ease of future expansion and rear panel terminations facilitate the integration of the equipment into complex overall systems.

Supplied for standard 19-inch rack mounting or for cabinet installation, the I434 has an output of 2.5 watts and will operate from normal mains or from 24 volts DC.

The company is at St. Andrews Road, Cambridge CB4 1DW (0223 61222).

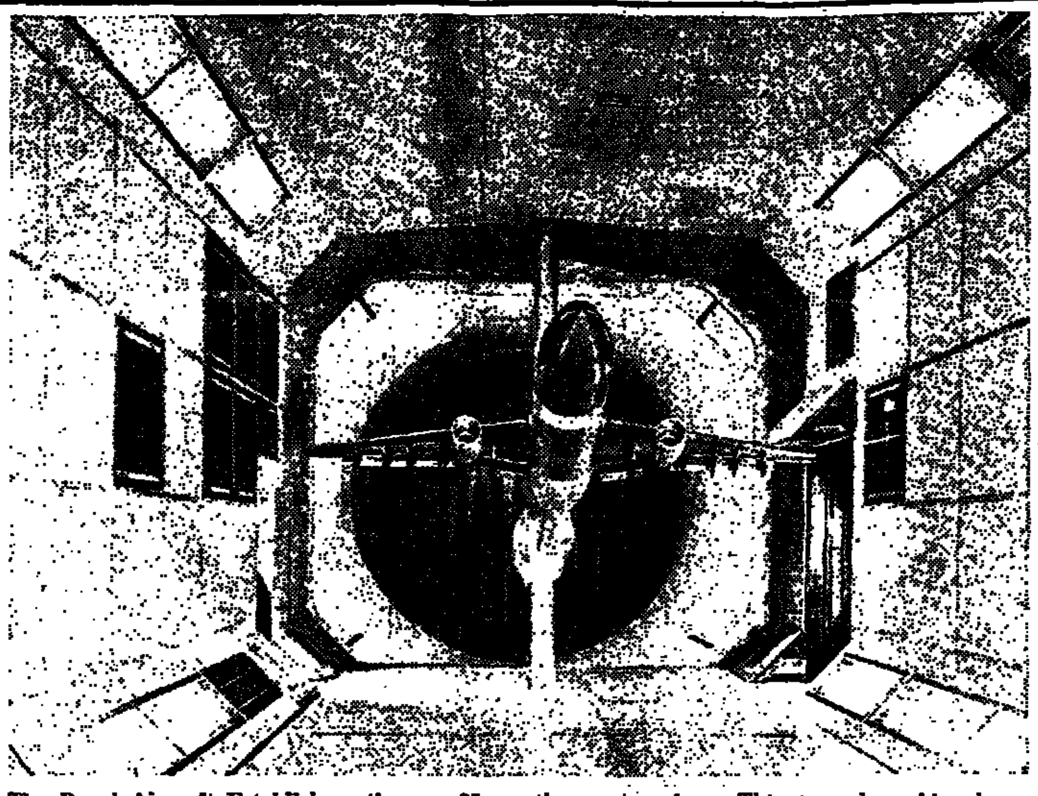
● SAFETY

Tyre pressure guide

A SAFETY device that gives *visual indication when aircraft* tyres are under-inflated has been introduced by the Dunlop Aviation Division of Coventry.

The device known as Dunlopressor has been designed to replace the standard *inflation* valve cap on tyres and gives immediate warning through its visual red "pop-up" indicator, of unsafe tyre pressure. This indication is easily discernible to air crews and maintenance staff *during pre-flight inspection*.

Dunlopressors are calibrated and clearly marked to suit each particular aircraft operational requirement and need no further adjustment, says the company. *The device is extremly sensitive* to pressure drop and after tripping, the red pop-up indicator cannot be reset until the tyre pressure is correctly adjusted.



The Royal Aircraft Establishment's new £5m *low speed wind tunnel at Farnborough, Hants,* is now in use. The first model to be tested is that of an A300B European airbus for which modifications are being studied in readiness for the next series. This tunnel enables large models to be tested at pressures up to three atmospheres to give results which can be applied to full-scale flight. Outside users are able to make use of this facility on a repayment basis.

● RETAILING

Getting the price right

ONE OF the major frustrations of self-service shopping is that *when the customer reaches the* check-out, items placed before the cashier have price labels which are illegible or have been lost in transit. This causes delays at the cash-desk and irritation to shoppers.

Clear labelling is, of course, one of the basics of profitable retailing, too. Smeared prices, and filled-on or omitted digits, may mean that goods stay on the shelves. There is also the risk of under-ringing and—where labels have peeled off—the danger of label-swopping.

Promising to obviate these problems is a range of price guns, said to be the most expensive on the market, from Dymo, Victoria Road, Feltham, Middlesex TW13 5BR (01-890 1388).

The precision made Meto New Generation price guns are also said to be designed for years of trouble-free service and expected to pay for themselves many times over *during their lives*.

The guns are robust yet, weighing about 1 lb, are very light to handle. A prime feature is the long-lasting disposable ink unit which will print about 60,000 labels before needing replacing. Easily insertable reels produce about 1,500 labels which are self-adhesive and made in two sizes.

The company offers different types of labels for frozen foods, pre-printed for retail groups, with coloured backgrounds for identification or to aid stock control; and fluorescent labels for faster check-outs in supermarkets, and special price fluorescent labels for instant recognition or reduced items.

Dymo Industries was taken over in May this year by Esselte (the largest manufacturer of business equipment in Scandinavia). Although the tools are made in Germany, all the labels *are from the Feltham factory* which supplies markets in the UK, France and Austria.

● COMPONENTS

Parts for infra-red systems

DRAWN FROM the staff of three British companies known for their electro-optical expertise, a team is working on a *Ministry* of Defence contract for the development of a series of components from which various types of infra-red thermal imaging systems can be built.

Marconi Avionics (a GEC-Marconi Electronics company), Rank Precision Industries and EMI Electronics, companies which all have experience in thermal imagining and night vision systems, have been selected to develop and produce a suite of sub-assemblies, from which direct view and indirect view systems can be assembled. "Thermal Imaging Common Modules" are to meet the specific requirements of the three UK armed services, precisely and cost-effectively.

The Electro-Optical Surveillance Division, Basildon, Essex, of Marconi Avionics, on whom the contract has been placed, is acting as co-ordinating design authority as well as being responsible for the advanced signal processing electronics for the indirect view components. EMI Electronics is the design authority for the direct view modules, and Rank Optics of Rank Precision Industries is the design *authority for indirect view scanners* and the associated electronic control modules.

Thermal imaging systems make use of infra-red radiation to enable otherwise invisible scenes to be observed. Both direct view and indirect view systems can be produced. In the case of indirect view systems, such as those based on television techniques, the picture can also be transmitted to remote locations.

● GRAPHICS

Drawing office aid

AN EXTRA large, variable-intensity light box with a working surface of 32 in by 60 in, to accommodate AO size drawing paper or film, has been introduced by Harbral, Consulta House, 143 High Street, Brentwood, Essex CM14 4SA (0277 216536).

A solid-state electronic control unit enables the conventional fluorescent tubes, used to provide the illumination, to be progressively dimmed from "full brightness" to "virtually off" to suit the external ambient light conditions and the drawing medium.

The ability to alter the light intensity, says the company, means that the light box can be used with the minimum of eyestrain while displaying the maximum amount of information.

An opalised glass screen, 6 mm thick, is supplied as the standard *viewing surface and a chrome* plated tube fitted to prevent drawings from being trapped and crushed between the operator and front of the box. A parking area for the draughting machine is provided on the left of the box and this is inlaid with cork to act as a pin board.

COMPANY NOTICES

DIVIDEND NOTICE
TO THE HOLDERS OF
EUROPEAN DEPOSITARY RECEIPTS FOR
COMMON STOCK OF

TRIO KENWOOD CORPORATION
(Formerly Trio Electronics Inc.)

DESIGNATED COUPON NO. 34

(Action required on or prior to 29th December 1978)*

Chemical Bank, as Depositary (the "Depositary") under the Deposit Agreement dated as of May 1st, 1970, among Trio Kenwood Corp. (the "Company"), the Depositary and the holders of European Depositary Receipts (the "Receipts") issued thereunder in respect of shares of Common Stock, par value 50 Yen per share, of the company (the "Common Stock"), HEREBY GIVES NOTICE that at the general meeting of stockholders of the Company held in Tokyo, Japan, on 18th August 1978, such stockholders approved the payment of a dividend of 4.5 Yen per share of Common Stock.

The Dividend on the shares of Common Stock of record on Deposit with the Custodian under such Deposit Agreement, less a portion thereof withheld by the Company on account of Japanese Taxes, has been received by the Custodian, as agent for the Depositary, and, pursuant to the provisions of such Deposit Agreement, has been converted into United States Dollars at the rate of 191.80 Yen per United States Dollar.

The Depositary has been advised by the Company that Japan is party to *international agreements with Australia, Belgium, Canada, Denmark, France, the* Federal Republic of Germany, Malaya, Netherlands, New Zealand, Norway, Singapore, Sweden, Switzerland, the Republic of Korea, the United Arab Republic, the United Kingdom and the United States of America under which certain persons are entitled to a 15% tax withholding rate on dividends such as the dividend in question. The persons so entitled include residents of such countries and companies organised thereunder meeting certain conditions relating to the carrying on of trade or business in Japan. Persons not so entitled to a 15% tax withholding will be paid a dividend on which a 20% tax withholding rate has been applied.**

To determine entitlement to the lesser tax withholding rate of 15%, it is *necessary that the surrender of Coupon No. 34 be accompanied by a properly* completed and signed certificate (copies of the form of which are obtainable at the office of the Depositary in London or any Subdepositary) as to the residency and trade or business activities in Japan (if applicable) of the holder of Coupon No. 34. Such certificates may be forwarded by the Depositary to the Company upon its request.

Payment in United States Dollars of the amount of the dividend payable will be made at the office of the Depositary in London or at the office of any Subdepositary listed below, upon the surrender of Coupon No. 34.

SUB-DEPOSITARIES

NAME	ADDRESS
Chemical Bank	Frankfurt/Main, Germany
Banque Internationale à Luxembourg	Luxembourg City, Luxembourg
Pierson, Heldring & Pierson	Amsterdam, The Netherlands

The following table sets forth the amounts payable upon presentation of Coupon No. 34 from the various denominations of Receipts.

Coupon No. 34 detached from Receipts in the denomination of:	Dividend payable (less 15% Japanese Withholding tax)	Dividend payable (less 20% Japanese Withholding tax)
1 Depositary Share	$ 0.19	$ 0.18
10 Depositary Shares	$ 1.99	$ 1.87
50 Depositary Shares	$ 9.97	$ 9.38
100 Depositary Shares	$19.94	$18.77

Payment in United States Dollars in respect of Coupon No. 34 will be made by United States Dollar check drawn on or transfer to a United States Dollar account maintained by the payee with a bank in New York City.

Dated: 6th September 1978.

CHEMICAL BANK, as Depositary
180 Strand
London WC2.

*20th May 1978 has been established as the *record date for the determination* of the stockholders of the Company entitled to such dividend. All receipts issued in respect of Common Stock not entitled to share in such dividend will be without Coupon No. 34 attached.

**Certain holders of Receipts may be entitled upon the fulfilment of certain conditions to reductions in the withholding tax rate applicable to them. The Depositary will, if in its discretion not unduly burdensome and upon payment of all expenses incurred in connection therewith, take such action as it deems appropriate in the circumstances to assist such holders in availing themselves of such reductions.

Because of Japanese tax requirements applicable to the Company, the Custodian has been asked to remit to the Company, shortly after 29th December 1978 the excess received by the Custodian over 80% of the dividend payable and allocable to unsurrendered Coupons No. 34.

As a result, persons surrendering Coupon No. 34 after such date will be entitled to receive from the Depositary or any Subdepositary a dividend on which a 20% tax withholding rate has been applied and, if entitled to a 15% tax withholding, will be required in order to realise such entitlement to make application to the Company for an additional 5%. Such application may, consistently with the foregoing paragraph, be made through the Depositary.

GOLD FIELDS GROUP
GOLD FIELDS OF SOUTH AFRICA LIMITED

(Incorporated in the Republic of South Africa)

DECLARATION OF DIVIDEND NO. 59—UNITED KINGDOM CURRENCY EQUIVALENT

In accordance with the Standard Conditions relating to the payment of Dividend No. 59 declared on 18 August, 1978, payments from the office of the United Kingdom Registrar will be made in United Kingdom currency at the rate of exchange of R1.692790 South African currency to £1 United Kingdom currency, this being the first available rate of exchange for remittances between the Republic of South Africa and the United Kingdom on 5 September, 1978, as advised by the Company's South African bankers.

The United Kingdom currency equivalent of Dividend No. 59 of 85 cents per share is therefore 50.21296p per share.

By Order of the Board,
C. E. WENNER, London Secretary.

London Office:
49, Moorgate,
London EC2R 6BQ.
United Kingdom Registrar:
Close Registrars Limited.
803, High Road,
Leyton,
London E10 7AA.
5 September, 1978.

KONISHIROKU PHOTO IND. CO. LTD.

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS ("EDRS")

Further to Notice of April 12th, 1978, the year-end dividend of Yen 3.75 paid to shareholders as of record April 20th 1978 has been converted to U.S. dollars and amounts to U.S. $.65 g c... per EDR.

EDR holders should now present coupon No. 1 in order to claim the above dividend at either the office of the Depositary:
The Chase Manhattan Bank, N.A.
Woolgate House
Coleman Street
London EC2P 2HD
or at the office of the Depositary's Agent:
Chase Manhattan Bank Luxembourg, S.A.
47 Boulevard Royal
Luxembourg

In respect of presentations at both the above offices Japanese Withholding Tax at the rate of 20% will be deducted from the gross amount of the dividend unless a form of affidavit, satisfactory to the Depositary, is received evidencing residence in a country with which Japan has concluded a tax treaty or agreement providing for a lower rate of tax. In such cases the lower rate of tax would then be applied.

In respect of presentations at the office of the Depositary they should be accompanied by the usual affidavit of non-residence in the United Kingdom to enable distributions to be made free of United Kingdom tax.

EDR holders are also hereby *informed that copies of an English* translation of the 1978 Business Report of the Company, furnished to Japanese shareholders, covering the period 21st April 1977 to 20th April 1978 are available at the above offices of the Depositary, and of the Agent.

THE CHASE MANHATTAN BANK, NA
London, as Depositary
September 6, 1978.

TOKYO SANYO ELECTRIC COMPANY LTD.
(CDRs)

Referring to its advertisement of 13th September, 1977, the undersigned announces that they have sold the deposited property of the still outstanding div.cps.no.1 of the CDRs Tokyo Sanyo Electric Company Ltd. The proceeds hereof will be payable in cash as from 11th September, 1978, being $14.34 per div. cp.no.1 of CDR, repr. 100 shs. and $143.40 per CDR, repr. 1,000 shs at Kas-Associatie N.V. Spuistraat 172 in Amsterdam and Banque Générale du Luxembourg, 14, Rue Aldringen, Luxembourg.

AMSTERDAM DEPOSITARY COMPANY N.V.
Amsterdam,
August 31, 1978.

FINAL DIVIDEND 1978
THE COMMERCIAL BANKING COMPANY OF SYDNEY LIMITED
(Incorporated in New South Wales)

NOTICE IS HEREBY GIVEN that the Transfer Books and Register of Members will be closed from 29th September 1978 to 6th October 1978, both days inclusive, for the purpose of payment of the final dividend.

Transfers for registration prior to such closing must be lodged before 3 pm on Monday 18th September 1978.

By Order of the Chief Board,
J. E. SEARLE,
Chief Manager, London.

AMERICAN EXPRESS COMPANY
(CDRs)

The undersigned announces that as from September 11, 1978, at Kas-Associatie N.V., Spuistraat 172, Amsterdam, div. cp. no. 1 of the CDR's American Express Company, each repr. 5 shares, will be payable with Dfls.3.68 net (div. per record-date 7.7.78: gross $0.40 p.sh.) after deduction of 15% USA-tax = $0.30 = Dfls.0.65 per CDR. Div. cps. belonging to non-residents of The Netherlands will be paid after deduction of an additional 15% USA-tax (= $0.30 = Dfls.0.65) with Dfls. 3.03 net.

AMSTERDAM DEPOSITARY COMPANY N.V.
Amsterdam, 28th August, 1978.

NIPPON MEAT PACKERS INC.
(CDRs)

Referring to its advertisement of November 18, 1977 the undersigned announces that the deposited property of the still outstanding div.cps. no 1 and 2 of the CDRs Nippon Meat Packers Inc. has been sold. The proceeds hereof will be payable in cash as from September 11, 1978 at Kas-Associatie N.V., Spuistraat 172 in Amsterdam and Kredietbank S.A. Luxembourgeoise, 37 Rue Notre Dame in Luxembourg, being: $26.54 per div.cp.no. 1 per CDR repr. 100 shs and $265.40 per CDR, repr. 1,000 shs. div.cp.no. 2 with $13.27 per CDR, repr. 100 shs and $132.70 per CDR, repr. 1,000 shs.

AMSTERDAM DEPOSITARY COMPANY N.V.
Amsterdam,
August 31, 1978.

THE TOR INVESTMENT TRUST LIMITED

NOTICE IS HEREBY GIVEN that the Registers of the Preference Shares will be closed from 16th to 29th September, 1978, inclusive.

By Order of the Board,
J. TODD, Secretary.

PERSONAL

PRIEST (R.C.), now O.A.P., non-active, needs home-flat or small house. Anyone care to avoid inflation by investing in one? Please write Box T.4968, Financial Times, 10, Cannon Street, EC4P 4BY.

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The Management Page

EDITED BY CHRISTOPHER LORENZ

How a university is helping small companies to introduce the latest technology

Bringing electronics to the uninitiated

BY PROFESSOR G. B. B. CHAPLIN

THE SMALL manufacturing company provides a substantial contribution to our national income, and its continued success is essential to our national prosperity. Unfortunately, it has taken some influential people in Whitehall and Westminster a long time to wake up to these facts.

Almost all small UK manufacturing firms have products and production processes which are predominantly mechanical and they are able to keep abreast of developments in mechanical technology. But, owing to their *small size, few* have the resources to keep abreast of all the electrical, electronic and other non-mechanical technologies.

Moreover, because of their large numbers, the Government cannot help them individually. Often, therefore, their product design becomes out-of-date and production costs grow too high, especially with respect to competition from overseas.

Relevance

Fortunately, at any given time, there is usually a single technology which, because of its rapid *emergence*, is having a considerable influence on industry. Over the past few decades this has probably been in plastics. The relevant techniques—such as vacuum forming—have now been mastered and absorbed by the small firm. But today and for the foreseeable future, the dominant technology is electronics.

The problem is therefore to introduce electronics into the *relevant parts of the products* and processes of small firms, most of which are unaware that they have a problem, much less have the means and knowledge to solve it. There is no way in which government can change this situation, say by bombarding the firms with technical literature, or by creating regional offices. Literature will either be ignored or misunderstood, and regional offices will merely increase the number of civil servants. Furthermore, any artificial financial inducements should be strictly avoided, since firms would then *be induced to adopt electronics* for the wrong reasons, and be acting against the very precepts which originally brought them into being and enabled them to survive.

A way out of this dilemma has been demonstrated by the Wolfson Foundation in its pioneering of industrial units within our universities. Each *Wolfson unit is autonomous* and there is a great variety of technologies and organisations.

For example, six years ago my own Department at Essex University received a grant of £11,000 a year for three years from the Wolfson Foundation to underwrite an experiment in introducing electronic technology into small local firms.

The method adopted was to arrange for an inventive electronic engineer to investigate each firm individually. His job was (a) to identify those areas where the introduction of electronics would produce a better or cheaper product; (b) to work out a detailed solution using electronics; (c) to persuade the owner that the proposed solution was both desirable and cost-effective; and (d) to carry out the project successfully.

The Wolfson Industrial Unit, now known as the Essex Electronics Centre, consists of three engineers and three technicians. *It is now self- financing* and is completing projects at the rate of about 50 per year. These projects are very diverse and include for example the sorting and grading of potatoes, the manufacture of garments, the testing of timber and the manufacture of plastics. How a partnership has developed between the centre and one small business, Lockwood Graders, is told in the accompanying article.

Our best estimate is that the resulting average increase in profits for our collaborators is 50 per cent, and that much of this derives from increased exports. Furthermore, in spite of the evangelistic nature of this activity, the unit has been able to break even financially, and pays nominal overheads to Essex university.

The intriguing significance of these results becomes apparent when they are extrapolated nationally. *Although I regard our unit* as of about optimum size, I believe expansion by a factor of three could be achieved without undue loss of efficiency.

If about 50 of these "expanded" units were to be *created at appropriate* institutions throughout the country, I think that they would be able to complete about 7,500 projects per year. Initially, 7,500 firms per year would be helped, but this number would gradually decrease as the earlier firms requested more projects and the number of potential new firms decreased. After a few years a stable situation would be reached in which a substantial fraction of the small firms in the UK would be continuously benefiting from the latest electronic technology, with a consequent increase in performance.

There may well already be other Wolfson units with an identical or similar philosophy to the Essex Electronics Centre but, in any event, almost all *units would* be capable of establishing a similar operation if they wished to. The annual running cost of this unit is about £40,000. Multiplied by the factor of 150 for national coverage the maximum annual cost becomes £6m. But there is no reason why the scheme should not break even, or even make a small profit, bearing in mind the low overheads charged to the host institutions.

Initiative

One difficulty is the problem of attracting the right calibre of staff to the units. It could be argued that the qualities required are the same as those required in an entrepreneur, and such a person would not normally be content to work on another's behalf. However, it is possible to reverse this argument, and to suggest that *the units might have the additional* function of providing a useful training base for potential entrepreneurs.

At first sight this proposal might appear to be anti-government. Yet this is not so. It should be fundamental to the scheme, as I see it, that local "electronics units" be free to make their own decisions and to act very much like entrepreneurs. *This is* not, of course, compatible with normal methods of government funding where there is a natural tendency to create uniformity.

But the Wolfson initiative has tapped and cultivated a latent energy and talent which no amount of traditional central or local government action could have produced. Is there any fundamental reason why a government funding agency *should* not, *in this instance*, abandon the normal controls and either emulate, or make funds available to, the Wolfson Foundation to underwrite such an autonomous network of electronics units as I am proposing?

By introducing modern electronics in this way into the small manufacturing firm a significant improvement in our national fortunes could be brought about in the next five to ten years, at minimal cost to the taxpayer.

** Professor G. B. B. Chaplin is professor of electrical engineering science at the University of Essex, and director of the Essex Electronics Centre, incorporating the Wolfson Industrial Unit.*

THE WOLFSON INDUSTRIAL UNITS

WOLFSON Industrial Units began as the brainchild of Lord Zuckerman when he *was chief scientific adviser to the UK* British Government, writes David Fishlock. They are small contract research centres, usually based on a university department of engineering or applied science.

Lord Zuckerman, concerned that so much British university research was at best only slowly finding its way into industry, proposed that the Wolfson Foundation—financed by Lord Wolfson's industrial empire—should make "pump-priming" grants to entrepreneurially minded department heads with good ideas for research units that might work closely with local industries.

***Since 1968, when the scheme began,* the Wolfson Foundation has donated about £10m and helped to set up a score of industrial units. Some universities have more than one: Southampton has five. The latest, approved only in July, goes to the University of Manchester Institute of Science and Technology: £183,000 to set up a motorcycle research and development unit.**

Any reservations dons may have once had about accepting donations from industry to work on industry's problems appear to be allayed by the strict terms of the scheme.

Hugh Routledge

Mick Cowlin and his son Simon, with their electronic potato grader. An electronics educational kit started them on the road to a £2m business.

Making the grade in the potato sifting business

BY DAVID FISHLOCK

MICK COWLIN is spending £30,000 a year with the Essex Electronics Centre—a lot, he admits, on a turnover of £2m a year. "But they are very good," *he says.* Cowlin, once a farmer, is now principal shareholder of Lockwood Graders, of Danbury, Essex, which employs a team of 25 craftsmen who make the most advanced kind of potato harvesting machinery, and sell it worldwide. The company even has its own computer.

It is Cowlin's ambition to take the drudgery out of farmwork, as he puts it; to make the life of the farmworkers more like that of the radar operator.

Six years ago he bought his son Simon an electronics kit as an educational toy. Father and son soon immersed themselves in the possibilities that electronic controls opened up for the machine, which formed the backbone of Cowlin's machinery business—a potato grader which sorts out imperfect potatoes, stones, clods, etc.

In May, 1973, Cowlin just encountered the Essex Electronics Centre at a cheese-and-wine party arranged for local industrialists by its director Professor Barrie Chaplin. He told the centre of his progress in replacing the potato grader's electromechanical controls with solid-state electronics, in the search for greater reliability and more sophisticated control *schemes.*

This was the start of a partnership which quietly produced a series of electronic developments for the grader. It began, with three sensors: first a proximity sensor which indicated when a hopper was full of potatoes; second a potato counter to control throughput; and third a bag counter to check the grader's output.

The next step was an *electronic motor starter and its* control program for a continuous line of conveyors for potatoes. Control programs for automatically filling storage boxes, together with a motor speed *controller, were to follow.* A novel sensor involved the use of ultrasonics in an "in-flight" potato counter.

Five years later the partnership between the farm machinery craftsmen and their electronics consultants has progressed to a point where the latest microprocessor and opto-electronic techniques are being built into the potato grader. The "gun" that Cowlin is holding in the picture can sort about six times as fast as in the days before Cowlin learned of electronics.

The operator of the gun simply shoots a pencil of light *at a defective potato*, stone, or whatever. A microprocessor *memorises* precisely where the reject is lying on the conveyor, and arranges for it to be re-routed on to a reject conveyor further along the line.

It's not just a matter of tying "black boxes" on to blacksmith's machinery, insists Cowlin. This was the mistake made in the early days of putting electronics into farm *machinery. He has concentrated* especially on the interface between machines — the conveyors that feed the harvest from one to another, the light panels which show at a glance *where the farmer has trouble.*

Cowlin's contracts today can be worth anything from £1,000 for a single machine to £50,000 for an all-purpose potato harvesting system. Even U.S. machinery in this field is "nowhere near as advanced," he claims confidently. After milk, potatoes are Britain's biggest agricultural harvest. But 50 per cent of the output of Lockwood Graders this year will *be sold overseas.*

BUSINESS PROBLEMS

BY OUR LEGAL STAFF

Right to use a road

A friend who is a builder has been granted permission to build on a plot which fronts on to a privately maintained access way to other houses in a cul de sac. Can the residents in the cul de sac deny my friend the right to *open a frontage on to this access* way? Can they appeal against the planning permission?

The owner of the access road may be able to deny the builder the right to use the road for the purpose of a new house built on an existing plot; but the frontagers who have rights over the access road cannot do so unless they, or some of them, own the road itself. We assume that there are no restrictive covenants which would enable the new building to be restrained. The resident who are not owners of an interest in the development site cannot appeal from a decision to grant planning permission. However, the grant will not abrogate or modify any common law rights e.g., to enforce any restrictive covenants.

*

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

LOMBARD

Jumbo jets and the election

BY PETER RIDDELL

Monday, June 15.

"TO-DAY'S TRADE figures show us £31m in the red and this evening, watching a dusky television set while I waited for my own show, I saw Iain Macleod *spiriting disaster out of Aladdin's* cave. Then I watched Harold (Wilson) addressing a huge meeting in Hammersmith and making jokes about half the deficit being due to the purchase of jumbo jets. That sums up the campaign, but still Harold was more effective than spooky Macleod."

Friday, June 19.

"Yet, despite the unanimous prognostications of *the press, in* the last three days of the campaign Heath's warnings had begun to count, particularly his final warning on the trade figures and on the threat of further devaluation."

The origins

These two extracts from the Crossman diaries for election week in June 1970 show the origins of the now strongly entrenched tenet of Labour mythology that the announcement of the trade deficit had an important influence on voting three days later. The alleged significance of this deficit has been such that the timetable for the publication of the economic statistics has itself become an important factor in the current debate about the choice of election day.

Assuming that the political soothsayers are right in predicting an autumn election on October 5 or 12, these days make the most sense from the point of view of minimal statistical embarrassment for the Government—principally because relatively few major economic indicators are due to be published during the main period of campaigning. The accompanying table lists the main statistics expected between the possible start of campaigning at the end of next week and mid-October.

The monthly indicators can be predicted with widely varying degrees of accuracy; the most difficult to estimate are those, *such as the trade figures, which* represent a net balance between large flows. The current account has fluctuated sharply between surplus and deficit this year though the underlying trend, insofar as there is one, is probably towards surplus. On the other hand, it looks fairly certain that the rise in the retail price index in the 12 months to mid-August will not be significantly different from the 7.8 per cent increase reported for the previous month.

In any event, the main campaigning is likely to start after the publication of these figures. This leaves the average earnings index and the unemployment total as the main indicators before an October 5 election.

The earnings figures will show the rise over the full 12 months *of the* phase three pay policy — around 14 to 15 per cent for the whole economy. The outcome has already been largely foreshadowed though this will no doubt not stifle interpreters on either side.

Embarrassing

Unemployment could be potentially the most embarrassing *statistic, coming right in the* middle of the campaign. Although the overall unadjusted total should decline, merely because of the usual late summer fall in the number of jobless school leavers, the outlook for the seasonally adjusted figure is less clear. There was a sharp rise in the two months to mid-August after the steady decline since last autumn. While the seasonal adjustment process appears to be defective, it is almost anyone's guess what the published figures will show.

ECONOMIC INDICATORS

September
Thursday 14—Money supply for mid-August. Current account for August.
Friday 15—Retail price index for mid-August. Cyclical indicators for August.
Wednesday 20—Average earnings index for July. Second quarter Gross Domestic Product.
Tuesday 26—Unemployment for mid-September.
October*
Monday 2—Industrial investment intentions survey.
Tuesday 3—UK official reserves for September.
Friday 6—Personal income, living standards nd savings estimate for second quarter.
Monday 9—Wholesale price indices for September.
Tuesday 10—Central Government borrowing in September. Banking figures and eligible liabilities for mid-September.
*** Estimate on basis of 1977 timetable.**

From the Government's point of view, there are no major (statistical) disadvantages and some attractions in October 12, rather than the 5th. In the interim, second quarter personal income figures should show a sharp rise in living standards this year.

This discussion is, of course, solely in terms of the obvious (or headline) appearance of statistics which are open to widely varying interpretations. For example, emphasis can be placed either on the stability of the 12-month rate of retail price inflation or on the probable slight acceleration in the underlying trend. Moreover, psephologists would query how much notice the electorate pays to these esoteric statistics. But the politicians evidently believe that any factor which might make a difference in a tightly fought election should be taken into account, and there are no obvious jumbo chickens on the horizon.

Roses to see the summer through

GARDENS TODAY

BY ROBIN LANE FOX

WHY is September an easier month for gardens than August? The light is not so strong; the great bulk of yellow in the border-plants is now corrected by the blues and reds of Michaelmas daisies; I happen to like all dahlias, even the tall mauve pom-poms, that are not so vulgar if you pick and group them in a vase of their single colour. There are autumn crocuses, still such a cheap and colourful bargain for gardens on light soil, not just the lovely blue *Speciosus* but the good white *Ochroleucus* too, which I am glad to see so well represented in London's parks. There is also the second flush on the roses. It is feeble, I know, but I never believe that these second seasons will really come to much. But the National Rose Society has a superb September Show. It is well worth weighing up the season of the various sorts if you want to choose the best roses to thicken the garden next year.

Growers of those two fine floribundas, Iceberg and Queen Elizabeth, will not be too concerned by my suggestions. These roses flower continuously. The distinction in the catalogues, of course, is between a "continuous" season (July to September and later) and a "recurrent" one (July and September only). Most of the floribunda will flower all summer, so long as you like them. Of course Iceberg is a wonderful rose, but it is not classically shaped and its white is particularly strong. Massed with a dark blue lavender, it is a bold answer to the challenge of any new flowerbed. Yet I prefer the newer hybrid tea Pascali among the whites, better-shaped and less flatly coloured. Once you leave the floribunda's corner, the question of the second season is important.

Among roses for walls and pergolas, on which I will concentrate this week, the distinctions should be quite clear. Ramblers are more vigorous, Albertine, Paul's Lemon, Wedding Day and so forth, but they will flower only once. Floribunda and perpetual climbers will flower noticeably once and steadily over the remaining summer months. The hybrid teas' climbing forms should flower twice. Yet the classes are oddly composed in most lists.

Opening a good rose catalogue I find Aurora (largely a June rose), New Dawn (mostly a mid-July/August one) and Pink Perpetue (most definitely continuous) in the same "Perpetual" section. My choice here, among modern "perpetuals" would now fall on the newish yellow Casino. It is a better shape and a softer yellow than the persistent Golden Showers and has as long a season. Watch out, too, for a scented and flat-flowered double pink called Dream Girl, sold by John Scott, Merriott, Somerset

This flowers for so many months that it never grows too high. I am very pleased with a four-year-old one, now covered in scented flowers. Among the taller pink perpetuals, a long season and a civilised colour are best combined in the clear-leaved Aloha. Perhaps we will soon have something even better. There has been much excitement in the past two seasons over a newly-marketed Sophies Perpetual sold from a great East Anglian private rose garden. The name has been pressed on me time and again by enthusiastic lady-rosarians after dinner. Though Notcutts of Woodbridge, Suffolk, had a small stock of it for 1978 they soon sold out. Sophies Perpetual must be very fine, but I can only say that the one flower I have seen to date was a decidedly strong pink.

If you want a long flowering white, do hunt out the old flat-flowered Sombreuil. Its shape is charming. After 125 years on the market, it is still better than any other double climbing white for a long season. I suppose it belongs, strictly, in the tea section. Here, the roses should mostly flower twice, the so-called "recurrently." But before considering them, I must slip in good old Mermaid. Neither one sort or the other, she begins a little later than some in cold gardens but will keep right on to the late autumn, showing those big single pale yellow flowers with a centre of golden stamens. I have seen her, however, divert a keen gardener to a wholly wasted job, so be warned of it. Mermaid's flowers are sterile and set no seed.

Arriving in a good garden for tea last year, I was greeted by a hard-pressed host who had spent a hot afternoon away from the Test Match while dead-heading his two marvellous Mermaids. How virtuous, he thought. What a waste of the day, a nurseryman would have told him. If a rose does not set seed, the removal of dead flower *heads is* irrelevant to it.

Among the climbing teas and so forth, the problems begin. Some have a thin second flowering others are most obliging. The big fat pink flowers of Mme Gregoire Staechlin, scented like sweet peas, would attract anyone in early June. Thereafter, they are slightly in evidence. So, too, the pale *blush-white* to white Mme Alfred Carriere still deserves to sell strongly, even for a north wall. Crowds take its name away from a famous one on Vita's garden-cottage at the National Trust's Sissinghurst Castle, Kent. Yet this good rose will seldom flower twice.

The little pink climbing Cecile Brunner is another puzzle of which you should be wary. It is a China rose, the most persistent group among bush-roses. It is often listed as a perpetual, but mine is over for good and all by mid-July. It grows freely on a north wall and is delightful, if only once. But those who claim that it goes on throughout the summer must be giving it treatment, perhaps a very warm site, which none of the plants I know or grow are taking to heart.

For a long season in this class, nothing equals old buff-yellow Gloire de Dijon. Flat-flowered, subtly-coloured, a paradise for *black-spot*, it still has a persistence which ought somehow to be bred into others. It is true that stout Kordes, of German hybridising fame, has now come up with truly recurrent alternatives. But their colours are dreadfully harsh when their shapes are not disappointing.

For the rest, we are back with the intermittent forms of climbing teas, Ena Harkness, Madame Butterfly or the paler Ophelia and the low white Virgo. In my experience, these few are the most generous second-croppers, but the choice may vary from site to site.

There is only one sure bet beyond Gloire de Dijon, the pink thornless rose, a century old and still as long in flower as any. In a related form called Kathleen Harrop, its pink colour is more easily placed. This not a tall variety. But scent, season and shape make this old sport, so readily grown, the equal of most of the climbers bred in our lifetime for a dubious autumn flowering.

Crimson Beau should pick up £10,000 prize at York

RACING

BY DARE WIGAN

LESS THAN a fortnight after the end of the Ebor meeting, racing returns to York, where the most valuable event on this this afternoon's programme is the Garrowby Stakes, a handicap for three-year-olds over 10½ furlongs and carrying £10,000 added money.

Not surprisingly, this generous prize money has attracted a strong field and the winner should be Crimson Beau, assuming that he is none the worse for his grand performance when winning the Group Three Prix de la Cote Normande at Deauville last month.

He is penalised only 4 lbs for that success. Before his excursion to France, Paul Cole's colt had just got the better of Hatched in the valuable Exdale Handicap at Goodwood. That, too, represents excellent form, for Hatched is a high-class horse in the making.

Luca Cumani, whose Newmarket stable is in great form, sets backers a problem by saddling Spring in Deepsea and Plektrudis for the Strenshall Stakes.

Plektrudis, who will be ridden by Lester Piggott, was an unlucky loser of a handicap at Newmarket 11 days ago and before that had scored easily at Yarmouth.

More to my liking is Spring in Deepsea, who has run consistently well since finishing fourth behind Remainder Man in the Tote Free Handicap in April.

Starkey, who rode her into second place behind Clear Picture in the Prix d'Astarte at Deauville on August 6 and again when she was runner-up to Swiss Maid in the Twickenham Stakes at Kempton a fortnight later, has the mount.

The Sancton Stakes brings out some useful staying two-year-olds. It was won last year by Tannenburg, ridden by J. Mercer, and I expect Mercer to go close to winning it again on Kimbolton, a grey colt by Blakeney, whom William Hastings-Bass trains for his brother, Simon.

Kimbolton ran with promise when third behind Lyphard's Wish at the Newmarket July meeting.

Jimmy the Singer, who on his last appearance showed that he was back to his best form, should go well in the Playboy Bookmakers Handicap.

Latimer appears to be reasonably treated with 8 st 7 lbs in the Ouseburn Nursery Handicap and Take Your Time is the likely winner of the Dalton Maiden Stakes.

YORK

2.00—Kimbolton*
3.00—Crimson Beau**
4.00—Latimer
2.30—Jimmy the Singer
3.30—Spring in Deepsea***
4.30—Take Your Time

New lead office

THE NEW head office of the Trustee Savings Bank of Lancashire and Cumbria in the Guild Centre, Preston was opened yesterday by Councillor A. C. Taylor, the Mayor of Preston.

Tunnel complete

TEAMS OF miners from Rawdon colliery and Donisthorpe Colliery, North Leicestershire, have met underground after tunnelling 1½ miles towards each other. The work—part of a £12m plan—took one year.

TV/Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (ultra high frequency only). 12.45 pm News. 1.00 Pebble Mill. 1.45 Fingerbobs. 4.18 Regional News for England (except London). 4.20 Play School (as BBC 2 11.00 am). 4.45 Charlie Brown. 5.10 The Winged Colt. 5.35 Ivor the Engine.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.40 On Broadway with Lena Zavaroni.
7.15 The Superteams.
8.15 Z Cars.
9.00 Party Political Broadcast by The Conservative Party.
9.10 News.
9.35 Holocaust
11.25 Tonight.
11.55 Weather/Regional News.

All Regions as BBC 1 except at the following times:—

Wales—5.10-5.35 pm Bilidowcar. 5.55-6.20 Wales Today. 6.40 Heddiw. 7.20 Pawb Yn Ei Fro. 7.45-8.15 On Broadway with Lena Zavaroni. 11.55 News and Weather for Wales.

Scotland—5.55-6.20 pm Reporting Scotland. 11.55 News and Weather for Scotland.

Northern Ireland—4.18-4.20 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.55 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

Trades Union Congress—"Live" coverage at 9.30 and 11.25 am, and 2.15 pm.

6.40-7.55 am Open University.
9.05 Gharbar.
11.00 Play School.
4.55-7.00 Open University.
7.00 News on 2 headlines.
7.05 Erica on Embroidery.
7.15 An ABC of Music.
7.30 News on 2.
7.45 Gardeners' World.
8.10 Brass Tacks.
9.00 Party Political Broadcast *by the Conservative Party.*
9.10 The Much Loved Music Show with Owain Arwel Hughes.
10.15 Eustace and Hilda.
11.25 Late News on 2.
11.35 Closedown (reading).

LONDON

9.00 am California Today. 10.20 Boney. 11.10 No Fence for Baronne. 11.35 The Practice. 12.00 Cloppa Castle. 12.10 pm Rainbow. 12.30 Sounds of Britain. 1.00 News plus FT index. 1.20 Platform. 1.30 Crown Court. 2.00 Racing from York. 3.15 Trades Union Congress. 4.20 Michael Bentine's Potty Time. 4.45 Search and Rescue. 5.15 Batman.

5.45 News.
6.00 The Best of Kenny's Bits.
6.35 Crossroads.
7.00 Singalongamax.
7.30 Coronation Street.
8.00 I'm Bob, He's Dickie.
9.00 Party Political Broadcast by the Conservative Party.
9.10 Best Sellers, "The Bastard."
10.10 News.
10.40 Best Sellers, "The Bastard" (continued).
11.25 The New Avengers.
12.25 am Close: Dorothy Tutin reads from "The History of England" by Jane Austen.

All IBA Regions as London except at the following times:—

ANGLIA

9.30 am Child Life in Other Lands. 9.55 Talking Bikes. 10.20 The Little House on The Prairie. 11.05 Canada—Five Portraits. 1.25 pm Anglia News. 5.15 Mr. and Mrs. 6.00 About Anglia. 11.25 Chopper Squad. 12.20 am The Big Question.

ATV

9.40 am Something Different. 9.55 Talking Bikes. 10.40 Angling Today. 10.45 ATV Sport. 11.10 The Jetsons. 11.35 Magic Circle. 1.20 pm ATV Newsdesk. 5.15 You're Only Young Twice. 6.00 ATV Today. 11.25 Whicker's World: Charleston, South Carolina.

BORDER

9.35 am Film: "The Taming of the Shrew." 11.35 The Beachcombers. †1.20 pm Border News. 5.15 Gambit. 6.00 Lookaround Wednesday. 11.25 Power Without Glory. 12.20 am Border News Summary.

CHANNEL

1.18 pm Channel Lunchtime News and What's On Where. 5.15 Emmerdale Farm. 6.00 Channel News. 6.10 The Coastguards. 9.00 Vision U.S.A. 10.38 Channel Late News. 11.25 George Hamilton IV. 11.50 News and Weather in French followed by Epilogue.

GRAMPIAN

9.25 am First Thing. 9.30 Canada At War. 9.55 Talking Bikes. †10.25 Feature Film: "Lucky Jim," starring Ian Carmichael, Terry-Thomas and Hugh Griffith. 1.20 pm Grampian News Headlines. 5.15 Emmerdale Farm. 6.00 Grampian Today. 6.10 Police Newsroom. 6.15 Cartoon Time. 11.25 Barnaby Jones. 12.20 am Reflections. 12.25 am Grampian Late Night Headlines.

GRANADA

9.30 am Sesame Street. 10.25 Wednesday Matinee: Michael Rennie in "Cyborg 2087." 10.45 A Handful of Songs. 1.20 pm This Is Your Right. 5.10 What's New. 5.15 Crossroads. 6.00 Granada News. 6.30 The Cuckoo Waltz. 11.25 Survival Special.

HTV

9.55 am Talking Bikes. 10.20 Sesame Street. 11.20 Betty Boop. 11.30 World Worth Keeping. 1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 4.45 The Gene Machine. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Emmerdale Farm.

HTV Cymru/Wales—As HTV General Service except 1.20-1.25 pm Penawdau Newyddion y Dydd. 4.20 Miri Mawr. *4.30-4.45 Un Tro. 6.00-6.15 Y Dydd.*

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

9.55 am Talking Bikes. 10.20 A Matter of Fat. 1.25 pm News and Road Report. 5.15 Cartoon. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Sounds of Britain. 11.25 Late Call. 11.35 Police Surgeon.

SOUTHERN

9.30 am Adventures in Rainbow Country. 9.55 Talking Bikes. 10.20 Invaders. 11.05 Return to the Planet of the Apes. 11.30 Nature of Things. 1.20 pm Southern News. 5.15 The Undersea Adventures of Captain Nemo. 5.20 Crossroads. 6.00 Day By Day. 6.35 Scene Mid-Week (South East area only). 11.15 Southern News Extra. 11.25 Shannon's Mob.

TYNE TEES

9.25 am The Good Word followed by North East News Headlines. 9.30 Who's Afraid of Opera. 9.55 Talking Bikes. 10.20 Animated Classics. 11.35 Inner Space. 1.20 pm North East News and Lookaround. 5.15 Happy Days. 6.00 Northern Life. 11.25 The Practice. 11.55 Epilogue.

ULSTER

11.05 am International Mixed Foursomes. 1.20 pm Lunchtime. 4.18 Ulster News [illegible]

WESTWARD

[illegible]

YORKSHIRE

9.30 am [illegible] Peter Sellers [illegible] The Lost Is[illegible] 5.15 Gambl[illegible] and Belmo[illegible] Singer of [illegible] Simmons.

RADIO 1 — 247m

(s) Stereophonic broadcast.
‡ Medium wave.

5.00 am As Radio 2. 7.02 Dave Lee Travis. 9.00 Simon Bates. 11.31 Peter Powell, including 12.30 pm Newsbeat. 2.00 Tony Blackburn. 4.31 Kid Jensen, including 5.30 Newsbeat. 7.30 Sports Desk (joins Radio 2). 10.02 Paul Gambaccini (S). 12.00-2.02 am As Radio 2.

RADIO 2 — 1,500m and VHF

5.00 am News Summary. 5.02 Tony Brandon (S), including 6.15 Pause for Thought. 7.32 Ray Moore (S), including *8.27 Racing Bulletin and 8.45 Pause for* Thought. 10.02 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S), including 1.45 Sports Desk. 2.30 David Hamilton (S), including 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.50 John Dunn (S), including 5.45 Sports Desk. 6.40 Party Political Broadcast by the Conservative Party. [illegible]

RADIO 3 — 464m, Stereo & VHF

[illegible]

10.35 *Czech Chamber Music. Part 1* (S). 11.10 Interval Reading. 11.15 Chamber Music, Part 2. 11.55 Bruckner: Symphony No. 9 (S). 1.00 pm News. 1.05 Bristol Lunchtime Concert. 2.00 Composers at the Schola Cantorum (S). 2.50 Music for Two Harpsichords (S). 3.05 The Symphonies of William Alwyn (S). 4.05 Northern University Concert. Part 1 (S). 4.45 Words . . . Talk. 4.50 Northern University Concert. Part 2 (S). 5.45 Homeward Bound. 6.05 News. 6.10 Homeward Bound (continued). 6.30 Lifelines: Language and Communication. 7.30 Proms 78 (S), Part 1: Berg (S). 8.00 The Arts Worldwide. 8.20 Proms 78, Part 2: Mahler (S). 9.35 Scientifically Speaking. 10.20 What's New. 20s Style (S). 11.00 Bach on record. 11.15 Meetings with Thomas Mann (talk by Ida Herz). 11.45 News. 11.50-11.55 Tonight's Schubert Song.

Radio 3 VHF only: 6.00-7.00 am and 5.45-7.30 pm Open University.

RADIO 4

[illegible]

BBC Radio London

[illegible]

London Broadcasting

[illegible]

Capital Radio

[illegible]

F.T. CROSSWORD PUZZLE No. 3,763

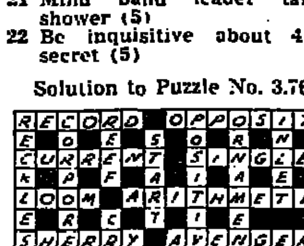
ACROSS

1 Unctuous sergeant-major joins force (6)
4 Business centre providing *form of service* (6)
8 Deny profit to state (7)
9 Possibly be darts expert (7)
11 Twelve a day for fitness (5-5)
12 Singer taking part in local town concert (4)
13 Creature scoundrel beheaded (5)
14 Everybody understood end of danger signal (3, 5)
16 Friend with boy takes one round to influential architect (8)
18 Power on board can be quite a card (5)
20 Eager as a turnkey (4)
21 Musicians expecting abstainers in union (4, 2, 4)
23 Can a party supporter within become a tempestuous monster? (7)
24 Get married in Herts town (7)
25 Cockney female spirits Egyptian leader into motor (6)
26 Use some French gambit (6)

DOWN

1 State in South Africa has an opera house (5)
2 Cancel note turning up in small ring (7)
3 Wandered about with deer and me somehow (9)
5 French beginner on the grass with custard (5)
6 This month with 100 per cent put in 4 (7)
7 *Looks at express complaint* with spectacular remedy (3, 6)
10 Poet who wrote part of Bible with pen (4, 5)
13 Drink to assistance to Ulster they say (9)
15 Sweet to drink hard water (9)
17 Protection from frost in prison? (7)
19 Change the one state in America that's moral (7)
21 Mind band leader taking shower (5)
22 Be inquisitive about 4 in secret (5)

Solution to Puzzle No. 3,762



ENTERTAINMENT GUIDE

[illegible]

Barbara Leigh-Hunt and Patrick Drury

Television

Pathetic, patronising and paternalistic

by CHRIS DUNKLEY

It was not a taxi driver, the reporter's traditional choice as representative for the general public, who put the Edinburgh International Television Festival into perspective for me, but the lady behind the counter of a stationer's shop in Princes Street. I rushed in on Friday morning to buy a pen before repairing for the fifth and last day to Broadcasting House, for the second session on censorship.

The lady looked at me with what seemed to be a mixture of suspicion and disbelief and announced, in a tone suggesting I had been caught in a misdemeanour, "You were on television last night." It was true. I had appeared in a 15-minute discussion about comedy and stereotyping at the end of Mathew Spicer's BBC2 programme *Are You Being Properly Served?* which had picked up the comedy strand from the TV festival and shown a number of clips from British and American television series and some extracts from the festival discussions.

One of the more popular ideas in these discussions was that the time had come to stop the type of comedy represented by *Till Death Us Do Part, Curry And Chips, Love Thy Neighbour*, and more recently *Mind Your Language*—programmes which portray racial prejudice and, according to the makers, ridicule it.

Many delegates were convinced that such material was accepted by a lot of viewers as reinforcing their own attitudes rather than ridiculing them, and there was more than one call to counter this by starting "positive discrimination." Television, it was said, should take the lead by appointing as reporters, presenters and so on, a good many more than the 2 per cent of non-whites which would accurately represent the proportion in the country at large, and in drama should cast black people not just as the occasional nurse or bus conductor but as bank managers and so on, even if there were not yet, in reality, many in such jobs.

In other words the call was for a benevolently intended misrepresentation aimed at changing attitudes and preconceptions and thus becoming self-fulfilling by increasing the chances of black people getting jobs as bank managers and so forth; an idea which would, if used for different ends, be denounced vehemently by the very same speakers as being "totally undemocratic and unprincipled manipulation of the media" (or some such thing).

Referring to the televised excerpts of debates such as these, the lady in the stationer's shop asked "What was all that moaning about?" I explained that not everyone working in television was satisfied with the comedy programmes. "And do they think all that complaining will do any good?" she asked. I said that many of those at the festival were programme makers and that if anybody could cause changes perhaps they could.

"Well it's time somebody did something about all these coloured people on the screen. You see enough of them all day without having to go home and watch them on the television," she said. "Do you think your people are going to change what we get to watch?" Wondering exactly how many non-whites there are in Edinburgh, I made my excuses and left.

Now, safely back south of Watford, and with the passion of the festival—what there was of it—put further into perspective by the distancing of several days, I do not believe that anything said at Edinburgh is going to have any dramatic effect upon what we see on the screens in our homes.

Very few top broadcasting executives stayed at the festival for more than one session, and among the few who did none was observed to be wearing a hair shirt (though LWT director of programmes Michael Grade, a constant attender, may have been hiding something under his plaid) nor claiming to have seen the light or promising to mend his ways.

On the other hand, even if the effect is immeasurable, the general tone of the festival, at least on the subjects of race and stereotyping, was in sympathy with small changes which are already occurring in television. For instance LWT's most recent racial sit. com., *Mixed Blessings*, has introduced a mixed marriage and made clear efforts to extend the jokes beyond the level of "Get back to the trees" which characterised so much previous material in this area. Whatever influence the festival may have, it will no doubt help these changes along.

One piece of hard evidence for the changes was the festival's preview of the forthcoming serial *Empire Road*. Written by Michael Abbensetts and produced by the BBC's Birmingham drama unit it is a virtually all-black comedy/drama with both good guys and bad guys played by non-whites, and the jokes and drama proceeding from character and not from racial clichés. The single episode shown was admirable and left me wanting to see a lot more.

The festival's provision of facilities for viewing and considering programmes of one particular sort in this way is one of its most valuable functions. Sitting at home we normally see television flowing past in heterogeneous vertical strips, news on top of drama on top of current affairs on top of children's programmes. Yet the makers tend to work in homogeneous horizontal groups—documentary makers in documentary departments, meeting other documentary makers, reading books about documentaries; or newsmen with other newsmen, making only news programmes, and so on. Until their productions are abstracted from the vertical mixtures and sorted back into horizontal groups it is hard to see who is influencing whom and with what results.

That said I must add (despite being a member of the festival's advisory committee) that an awful lot of the rest of the festival's activities seemed to consist of like minded media intellectuals exchanging exhortations about what the rest of us "should" or "ought" and often "have got" to do.

No matter what the subject of discussion, from television's labour relations (nearly as bad as Fleet Street's and worsening, though the two main unions have just amalgamated) to censorship (generally agreed to be steadily widening over both broadcast journalism and drama) or even documentary film making, the same set of attitudes and responses regularly cropped up.

Among the Marxists, sociologists, feminists, semiologists, and professional trades unionists (all the stereotypes: Ruskin-and-proud-of-it, public-school-and-ashamed-of-it, etc.) the objections to detailing of individual abilities, achievements, or genius were endless. This applied as much to any attempt to deal with censorship or labour relations problems by reference to particular cases as it did to discussion of programme achievements in terms of individuals.

Their creed appears to be a mad egalitarianism which could only be satisfied by the creation of a world peopled entirely by identical sexless colourless characterless thin-skinned clones. Jokes about Paddies, Poms and Pakis have one thing in common with the innate talent of a great artist or entertainer: to the ultra egalitarian their very existence seems unfair.

Since television as much or more than any of the other mass media promotes and feeds on the cult of the individual — the Simon Dee/Magnus Pyke syndrome — such widespread hostility during the festival discussions seems in retrospect almost pathetic, though it hardly seemed so at the time.

The irony is that the attitude held by these pursuers of equality is more condescendingly patronising than any of those characterising the despised "Reithian" broadcasters of the old school. Widespread public attitudes towards non-whites, say, or capital punishment, are considered by the egalitarians to be "wrong" as a result of "ignorance". The duty of the egalitarian is clear: to manipulate the attitudes conveyed by television until all right-thinking viewers can be brought to their way of thinking.

It is paternalism writ large but hiding under a didactic sociological tract covered in demands for "broader contextualisation" (i.e. more working class backgrounds) and "alternative cultural determinants" (i.e. more working class backgrounds) and lots of other phrases muscle-bound with jargon, all in the end meaning "We don't like middle class assumptions."

Most ironic of all, perhaps, is the simple and trusting faith which this approach displays in the supposed power of television. The lady in the stationer's had no such confidence. "In the end no one really seems to take any notice, do they?" she asked rhetorically.

Norman Beaton and Rosa Roberts in a scene from "Empire Road."

Theatre Royal, Bristol

The Seagull

by B. A. YOUNG

The pattern of relationships on the Sorin estate is scrupulously established in Richard Cottrell's handsome production — almost diagrammatically, it seems at first, when against a background of vertical strips lightly dappled with light that leaves the scene over the lake to the imagination, Masha and Medvedenko (Anna Nygh and John Telfer) identify their positions in a positively downright way. This downrightness, which persists throughout the play, does not alter the relationships. But there is something missing. I seemed to be looking at the play through smoky glass. Where, as Oliver sings nightly at the Albery, is love?

Masha, a girl who has given up life at 22, may well be as dry as Miss Nygh makes her. But Arkadina and Nina are surely entitled to more outward affection. Barbara Leigh-Hunt's Arkadina is a fine woman with a dominant personality, such as I visualise Queen Victoria in her middle life. But except on the one occasion when she descends to kissing Trigorin's feet (luckily he has not been out fishing that day) she seems very much in control of her emotions. She may say occasionally that she loves her son Konstantin, but she seldom shows it; even when she is changing his bandage she is more nurse than mother, perhaps more actress than either.

Mary Rutherford may be right in keeping Nina's first love to the level of a teenager's passion for a pop star. But though she displays much anxiety to be in Trigorin's company, she doesn't show much sexual involvement when she is. Trigorin, the sophisticated man of the world, is calm enough as he tears a sheet from his notebook and writes his address on it; he has no doubt done the same thing several times before, and in any case Richard Pasco plays him as a very reserved man.

Nina, though, I'd expect to be trembling with excitement. Yet Miss Rutherford keeps her quite self-contained: and later, in the desperately difficult scene in the last act, when she gives outward expression to her crush on Trigorin, she gives no more than a theatrical performance, and a performance, what's more, that supports her own low estimate of her talent.

In such surroundings, it is a relief to find that Konstantin has been able to grow up so ebullient. Deprived of appreciation, clothes and pocket-money, Patrick Drury's presentation stays fundamentally optimistic, in spite of his fashionable tendency to suicide. And he is capable of real love, not only for Nina, but for his mother and his old uncle Piotr (a moving performance by Joseph O'Conor).

But with love withdrawn more or less equally from the other characters, even the Shamrayevs, the general balance of relationships remains intact, and the diagrammatic character of the start gives way to a more emotional blend. As it does, John McMurray's diagrammatic sets are replaced by realistic interiors, charming but chilly, culminating in a lamplit family circle round the card-table as Dr. Dorn (John Bailey) confides to Trigorin what everyone knows but no one wants to believe, that Konstantin *has* shot himself.

Festival Hall

Festival Ballet

by CLEMENT CRISP

Authenticity of utterance, with the choreography looking right and the dancers looking at their best, is not always the most obvious quality in Festival Ballet performances. On Monday, at the start of the final week of its South Bank season, a mixed bill of ballets found the company in uncertain mood, and were it not for the presence of Eva Evdokimova and Peter Schaufuss, the whole enterprise would have been sadly wanting in any sort of finesse.

In *Greening*, which opened the evening, Evdokimova gives one of the most powerful and compelling performances of her London career. The gazelle-like lightness of physique, her subtle technical mastery, and the character she can often present of a woman of delicate and reserved sensibilities, come sharply into focus in the writing for the central figure of the ballet — a creature unhappy, dreaming, who finally achieves the spiritual and physical satisfaction she has sought.

In its sensitive domination of the ballet—everything understated; everything speaking of feelings kept under check—it is a performance rewarding in emotional development as in physical outline. With some of the other performers, the nuances of Tetley's style are being lost, but Evdokimova holds the ballet magnificently together, and justifies it.

In a central divertissement, Evdokimova was joined by Peter Schaufuss for a beguiling account of the *Flower Festival at Genzano* duet. Danish schooling is still essential in order to make sense of Bournonville: the feet must be educated from childhood, the muscular rhythms of his style must be inculcated throughout the years of training. This is, of course Schaufuss' inheritance, and it has been a valuable part of Evdokimova's training, too. Hence this pretty *pas de deux* had a happy air of rightness about it. The piece was clearly characterised as a flirtation, and the dances bounded, flashed and smiled at us. Schaufuss was a marvel of ease and brilliance—pirouettes finishing sweetly with the music; a broad stretch in those lateral flights that are so much part of Bournonville's manner — and Evdokimova floated and curved over the choreography. Beautiful, heart-warming dancing from them both.

Thereafter the evening went into a decline. Ben Stevenson's *Three Preludes* looks as if it might at any moment turn into one of those outbreaks of Bolshoy yearning in which Raissa Struchkova and partner used to be maddened by the beauty of it all before our very eyes. But it doesn't, and nothing Patricia Ruanne or Jonathan Kelly can do will make it so. Next, Liliana Belfiore and Patrice Bart involved themselves in a version of *Le Corsaire* which was very like a spin-dryer in step and performance. Bart is too good an artist to be wasted on this trumpery nonsense.

About the revival of *Bourrée Fantasque* I must report that Chabrier's score suffered several nasty orchestral contusions, and that Balanchine's choreography was dimly present. It needs brighter accents, clearer and more assured performance if it is to look the wonderful closing ballet that it is.

Imperial Tobacco season

Imperial Tobacco is promoting a fourth season of celebrity concerts and events in Bristol. As in previous years, the aim is to present events that satisfy a range of tastes but which together sustain the reputation of Bristol as a centre for the arts.

The major highlights are: Oscar Peterson, in concert, on November 7; Stuart Burrows singing operatic arias with the Welsh Philharmonia on December 19; Mstislav Rostropovich conducting the London Philharmonic Orchestra on February 28; Gillian Weir, performing a range of organ music at St. Mary Redcliffe Church, on May 25; James Galway and Kyung-Wha Chung in a recital of predominantly 17th-century music, accompanied by Philip Moll, on June 20.

The first event in the series will be the Imperial Tobacco International Conductors Award, presented at the Colston Hall between October 15 and 18, consolidating Imperial Tobacco's policy of wishing to help young musicians at the start of their careers.

The Imperial Tobacco International Conductors Award is unique in the United Kingdom in that it presents the opportunity for the winner to work in the environment of professional orchestras—the Bournemouth Symphony Orchestra and the Bournemouth Sinfonietta—over a two-year period. Ten candidates have been chosen from five countries.

Other concerts at the Colston Hall will be given by the Bristol Bach Choir and Orchestra—J. S. Bach's Christmas Oratorio January 27—and a Viennese Evening with Semprini and the English Sinfonia on April 18.

*

Joint Stock Theatre Group will present *The Ragged Trousered Philanthropists* by Stephen Lowe, based on the book by Robert Tressell, at Riverside Studios from October 10 to November 15. The play tells the story of a group of painters/decorators in a small seaside town in the early 1900s.

Albert Hall/Radio 3

Chicago Symphony Orchestra

by RONALD CRICHTON

Sir Georg Solti and the Chicago Symphony Orchestra came to the Proms on Monday with a lovely big present for Londoners — the first public performance in this country of Tippett's Fourth Symphony. They commissioned the work and gave the premiere in Chicago last autumn. There has been a broadcast, but this live encounter was worth waiting for. Perhaps the friendly welcome given to orchestra, conductor and composer will encourage Solti to be a little bolder in his choice of works for winter concerts with the LPO.

It isn't often that we in London are given the chance of hearing a major new work so well played at a first hearing.

We have, all the same, been lucky with Tippett's music. The days when his string parts appeared unplayable having been mostly relegated to the past (Colin Davis was the hero of this battle) we have heard thoroughly well prepared premieres of his last two operas for example. Yet the degree of ease and understanding shown by the Chicago players last night is uncommon and likely to remain so.

The strings, in fact, did not make so much impact in the early part of the symphony.

Much of the score, at a first hearing at least, is predominantly wind and percussion music, full of the old "magic" sounds but less inclined to explore them dreamily. The many-sided formal aspect—four-movements-in-one, Lisztian symphonic poem with a cradle-to-the-grave programme tucked away not entirely out of sight, thoughts about English fantasias—limits though does not exclude dreaming. The strings come into their own later with some, by this composer's standards, not particularly hair-raising writing. The effect of melancholy, resigned yet inevitable greying and coming full circle enriched by spiritual experience, was movingly conveyed.

There was superb playing from other departments, like the woodwind and the various tinklers, in the slow movement and scherzo sections. The already notorious wind-machine, now replaced by some kind of heavy-breathing apparatus, may upset some people at first but will no doubt with the familiarity the symphony richly deserves, soon sound right. Schott, Tippett's publishers, produced a study score with their customary promptitude. That you can't read the stage-directions while following a performance probably doesn't matter, but for their more decrepit customers it is disconcerting that you can't tell the difference between *pp* and *ff* signs without a spy-glass.

The companion-work was Chaikovsky's Pathetic Symphony. The first movement wrung admiration for the careful way Solti suggested the emotional turmoil (expressed in terms of almost Mozartian clarity) without pinning the composer's heart on the orchestra's sleeve. A few more tatters of passion would conceivably have been justified; the always shattering climax before the return of the cantabile tune was a little muted. The trio of the five-four movement was notable for the dry, even but relentless sound of the drum; the outer parts puzzled me until I tried to visualise them in terms of dance and saw, not grand Petipa classicism but heavy, Central European solemnities. The real, Chaikovskyan whiplash came, in no uncertain way, with the march and remained until the bitter end.

New Simon Gray play for West End

Billie Whitelaw and T. P. McKenna have begun rehearsals for *Molly*, a new play by Simon Gray, which will open in the West End towards the end of October after a four-week provincial tour. The tour starts at the Arts Theatre, Cambridge, on October 25, followed by Theatre Royal, Norwich, Theatre Royal, Brighton and Richmond Theatre.

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An election address . . .

MR. JAMES CALLAGHAN may have—quite properly—declined to name the day of the British general election in his speech to the Trades Union Congress yesterday, but he certainly delivered an election address. As such it was perhaps the clearest statement of the Callaghan philosophy so far, both in his approach to politics and to the British economy, and it would be hard to argue persuasively that it is not all of a piece.

Courageous

The Prime Minister's economic reasoning falls into two parts. On the one hand it will continue to be necessary for government to intervene, directly and indirectly, in industry in order to create, or at least protect, jobs. It should best do this by working with rather than against the private sector. The sector working parties and the National Enterprise Board were given as successful examples of this cooperation in practice with special emphasis on the recent attempts to establish a new British semi-conductor industry.

At the same time, however, there are limits to what government can do. All its efforts towards—to use the pretentious phrase—the regeneration of British industry will come to nothing if excessive wage settlements lead to a renewed onset of inflation. As Mr. Callaghan said: "There is no way in which low productivity and high real wages can go hand in hand for any length of time." Not only will there be no increase in British exports; there will be no real benefit for British workers. Incomes policy is therefore the counterpart of the government's intervention in industry. In the absence of a formal agreement with the trades unions it is necessary for government to go on preaching that wage settlements above an affordable level will prove counter-productive.

The political part of this philosophy is simply that while you can take a horse to water, you canot make it drink. Mr. Callaghan does not believe that the country can be forcibly led. Rather it can be pointed in the right direction and then gently nudged along. The Prime Minister presents himself, as he did quite specifically yesterday, as someone offering good advice, but it is up to the country how far the advice is heeded.

It would be quite wrong to see anything in this of kow-towing to the trades unions. Indeed, last year as well as this, Mr. Callaghan sought an incomes policy to which the great bulk of the trades union movement was opposed outright. In his speech yesterday he was equally blunt in resisting union demands for a reduction in the working week without compensating productivity agreements or lower than normal wage settlements. Anything that adds unnecessarily to industrial costs, he said, must be out. That was a courageous performance, especially before that audience.

Choice

All told it amounts to a coherent and even seductive approach. Two questions, however, remain. The first is: does it work? And the second is: is it really what the country wants? Certainly the kind of Britain outlined by Mr. Callaghan yesterday leaves little room for individual skills and even less for individual rewards. It is firmly based on the assumption that British industry cannot stand on its own feet and does not wish to try, and one cannot escape the impression that however lucid the policy may sound in a single speech it has been made up higgledy-piggledy as the Government has gone along.

The NEB, for example, may be presented as an attractive half-way house between private ownership and nationalisation, but in practice it is a bit of a hotch-potch whose role is uncertain. There is in short a great deal more improvisation—some would say clutching at straws—in Mr. Callaghan's philosophy than he would wish to admit. Yet as a draft for an election manifesto it is clearly a highly professional job. This time at least the electorate is going to be given a clear choice between Mr. Callaghan's interventionism and the Tory promise of an enterprise society. It should not be long delayed.

. . . and a brief election boom

WHILE THE Prime Minister was candid enough to warn the TUC that high real wages must be earned if they are to last, the latest revision to the retail spending figures leaves no doubt at all that they are being spent. Consumption at the retail level is now running 6¼ per cent up on a year ago, fully in line with the recovery of real incomes. The rise in sales of durables, at over 10 per cent, and on top of that a rise of about a fifth in car sales is in a sense a better measure of the improvement in material well-being.

Too good to last

If spending opportunities are rewarded with votes, Mr. Callaghan can hardly hope for a better time to go to the country; but he cannot rebut the Opposition comment that the present improvement in well-being is far too good to last. Two measures of the pressures which are being generated are the trade figures and the monetary statistics. Both of them sound a warning, though not yet an alarm.

Until a few years ago the enormous rise in imports which has been caused by consumer demand would itself have been enough to provoke an emergency; but thanks to the underlying improvement in the foreign balance through North Sea oil, and the flexibility offered by floating exchange rates, there is now far more time for adjustment.

For British industry, despite a creditable export performance, an increase in domestic demand is almost unambiguously welcome. Apart from some difficulties over skilled labour—partly the result of the wage rigidities which Mr. Callaghan is willing to suffer in the anti-inflationary cause—the capacity should be there, the demand is beginning to work through, and further expansion should mean better productivity and better profits.

The problem is to sustain this welcome improvement within the sensible limits on the total expansion of domestic credit which the Government has laid down—for if these were exceeded, the inflationary consequences would follow quickly. The latest figures from the clearing banks, so far as can be detected through a thick fog of technical distortion, suggest that the task will not be at all easy.

What matters here is not the sharp fall in eligible liabilities, down by 3½ per cent in a month, nor the still sharper fall in interest-bearing liabilities, but the growth in sterling lending to the private sector. The first two series are enormously distorted by banking transactions between the banks and the discount market, as the banks have reconstituted the hidden reserves which are deliberately permitted to allow some flexibility in the system. Paradoxically, a squeeze on reserve assets tends for a time to inflate bank liabilities and the money supply, and the return of easier conditions removes this distortion and may even enable banks to understate monetary growth. Portfolio shifts between the clearing banks and the rest of the banking system further conceal any real meaning the figures may have.

Crowding out

The figures for sterling lending may also be distorted, but the lurches are less violent; and the picture which is emerging is the more convincing because it is part of the picture of a consumer boom. Sterling lending is now some £4.7bn higher than a year ago, and more than £2bn of this growth has been in the last four months. On present trends, lending during the present financial year is likely to be up by £6½bn or more. Consumption, output and credit all seem to be growing faster than was envisaged by official policy in April.

This means in effect that the private sector is willing to take up the whole of the expansion of domestic credit allowed for in April, which leaves no room for unfunded public borrowing; and if it is all to be funded, a borrowing requirement of £8½bn is clearly excessive. The message is not that the welcome private sector recovery cannot last, but that if it is to last, rather than suffer the crowding out already visible in the mortgage market, the next Government faces some harsh decisions on public spending.

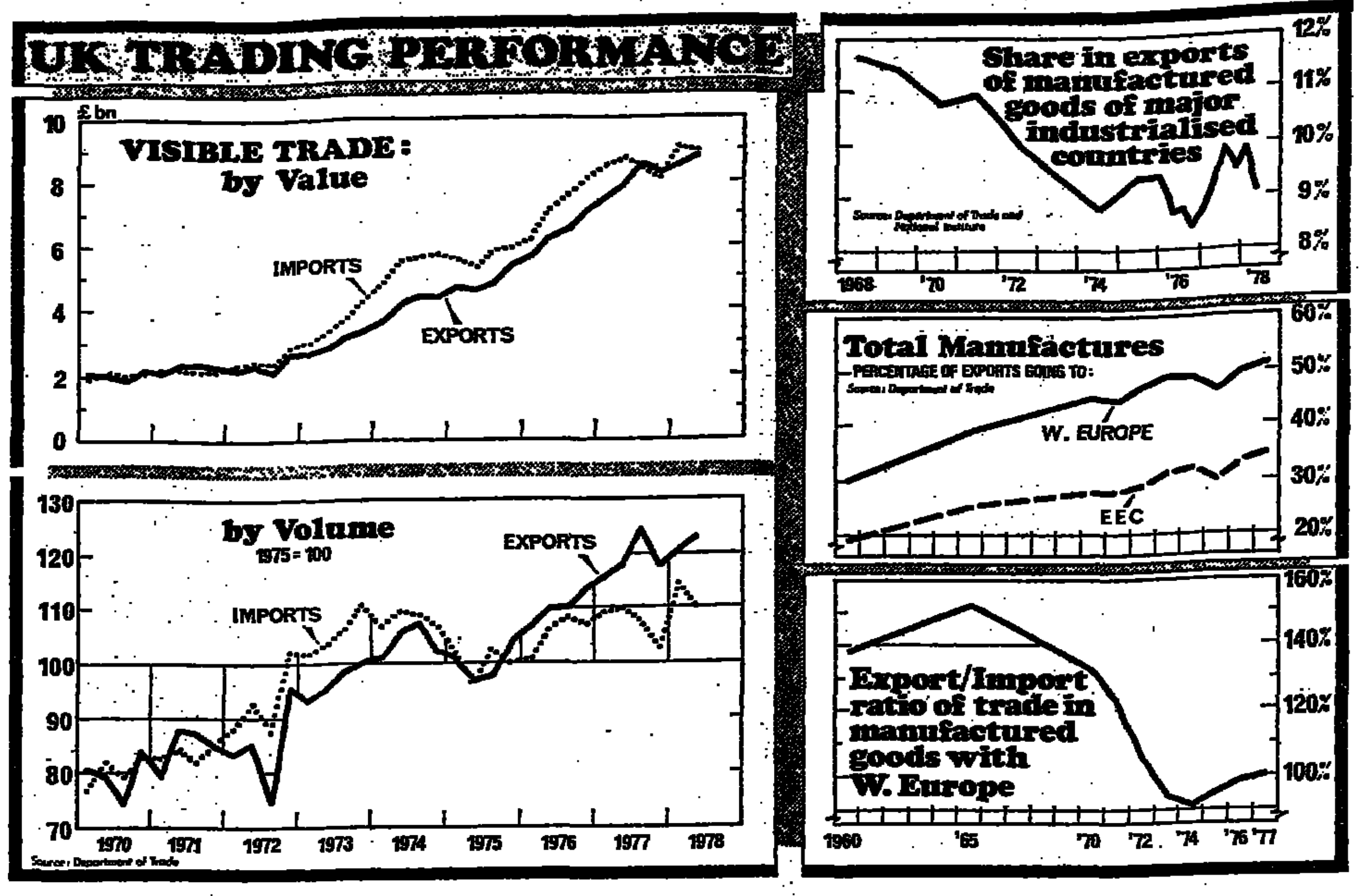
Two cheers for British exporters

BY PETER RIDDELL AND LORNE BARLING

THE sharp fluctuations of Britain's trade figures over the last couple of years have masked widely contrasting performances in exports and imports. The growing penetration of imports, notably consumer goods and machinery, into the home market has been well documented but what has been less well appreciated is a marked improvement of Britain's export performance since 1974-75 compared with the previous two decades.

Even though the import growth has accelerated in the last year in response to the mini-consumer boom in the UK, the volume of purchases from abroad in the first half of this year was only about 13¼ per cent higher than three years ago compared with a 22¾ per cent rise of the volume of exports. In part, of course, the figures merely show the increasing dependence of the UK on external trade, while also reflecting the initial favourable impact of rising North Sea oil production.

The improvement of the relative position is most clearly shown by estimates of the British share of the exports of manufactured goods by the leading industrialised countries. After declining from 11.6 per cent to 8.8 per cent between 1968 and 1974 the British share has since improved to 9.4 per cent last year.



One possible explanation is that British exports hold up relatively better when world trade is depressed or growing slowly, as it has been since 1974 with an annual increase of less than half the earlier rate. This may reflect a heavy dependence upon captive export markets. As soon as world trade expands rapidly, British companies on this reading are not able to adapt quickly enough to share fully in the increase, possibly because of constraints on the expansion of domestic capacity.

It has certainly been true in the past—for example in 1970-1971—that the decline of the British share in world exports has been checked in periods of general world slowdown. The difference now is that, in contrast with previous experience, there has been a distinct relative improvement of Britain's position.

This can be seen both in the apparent ending of the long decline of Britain's share of exports to its traditional Commonwealth markets and, in particular, in the strong growth of sales to Western Europe. The importance of the trend is stressed by the Department of Trade in a recent report which says that all technological, economic, and social trends are reinforcing the dependence of the British economy and those of other countries on foreign trade in goods and services. Britain is more dependent than most.

The report, Export Performance since 1960, notes that the British export and industrial records have been worse than those of Britain's competitors but adds, with a suitably muted fanfare, that "the decline of our share of export trade in manufactures has been slowing, and in recent years we have been holding our own."

The report claims that although there has been "a massive geographical shift" in the British export pattern, analysis suggests that it has not been a major factor in the relatively poor performance up to the mid-1970s.

Although British sales to the Commonwealth markets have fallen from 38 per cent of total exports in 1950 to 14 per cent last year, the previous high share of these markets was somewhat artificial since there was clear discrimination in favour of British produced goods and often relatively minor competition from third countries. However, some consolidation is indicated by the fact that British sales to these markets have only dropped by two persentage points since 1974.

The other side of the picture is that slightly more than 50 per cent of British manufactured exports are now sold in Europe compared with 30 per cent in 1960. Moreover, just over a third of total exports now go to EEC countries following a steady increase in the past 25 years. But the proportion of manufactured goods in total exports to Europe has declined recently. In 1965, the manufactured share was 78 per cent before rising to 81 per cent in 1970 and then declining to 78 per cent again last year, partly perhaps because of the rising share of crude oil exports.

There have also been sharp fluctuations in the net trading balance in manufactured goods between Britain and the rest of Europe. In 1965, Britain sold 50 per cent more manufactured goods to Europe than it bought, but by 1974 a deficit of nearly 10 per cent had developed.

The Barber boom

The reason for these variations is not easy to establish but the worsening of the visible trade balance with Europe in the early 1970s can clearly be attributed to the sharp rise of imports of manufactured goods sucked in during the Barber boom of 1972-73.

With hindsight it is clear that during the 1960s more effort should have been made to get a foothold in Europe when the share of Commonwealth markets was falling rapidly. Now, although the overall rate of growth of British exports is closer to—and at times better than—many of its main competitors, the main problem is seen as boosting exports of manufactured goods to the rest of Europe. Mr. Edmund Dell, the Trade Secretary, has often pointed out that if Britain is to remain competitive in world markets, it must manufacture products that sell in sophisticated markets such as Western Europe.

The share of Britain's exports going to Western Europe could be raised above the present 53 per cent partly as a result of acquisitions and increased capital investment on the Continent by leading British companies.

The hope in Whitehall is that this expansion is increasingly likely to be followed by smaller companies, either through their own capital investment or by mergers and acquisitions. This will involve marketing and manufacturing through subsidiaries in the target country. At the same time, U.S. and Japanese companies are investing in Britain with the object of exploiting the EEC market from within, as the recent Toshiba joint venture with Rank shows.

It is far from straightforward, however, to establish the reasons either for the poor relative performance of British exports up to the mid-1970s or for the recent stabilisation. Changes in the exchange rate do not of themselves explain any of these longer-term shifts. A recent paper by two National Institute economists to its recent conference on "deindustrialisation" showed that there is no evidence to support the view that the British manufacturing sector has priced itself out of world markets—if anything, costs and price competitiveness have improved since the 1967 devaluation. On a shorter-term comparison, the stabilisation of the British share of manufactured export markets occurred before the sharp fall of sterling in 1976 and the major improvement of cost and price competitiveness which then occurred.

Analysis by the National Economic Development Office suggests that in spite of this improved price competitiveness non-price characteristics such as low quality, late deliveries, and poor design have been such that demand for British manufactured products has remained low over the longer term. It is arguable that the regular depreciation of the pound in the last decade has delayed much needed changes to the pattern of manufacturing and improvements in non-price competitiveness. This ties in with the familiar supply side problems as reflected in the slow growth of productivity in British industry.

The results are shown by the changing export-import ratios of the last two decades. For example, between 1960 and 1976 imports of vehicles, ships and aircraft grew much more rapidly than exports of these items, though these remain among the most successful exporting sectors in absolute terms. The textiles, leather and clothing sector has declined overall and become a net importer.

Within the mechanical engineering sector, industrial engines and agricultural machinery have seen a marked deterioration of the relative balance between exports and imports. But construction equipment has improved its position. Perhaps most significantly, growing exports of the computer and electronic industries have partially compensated for lessened sales of electrical consumer goods.

Although these longer-term shifts cannot be explained by alterations of exchange rates the relative growth of exports is undoubtedly influenced significantly in the short to medium term by changes of relative costs and prices. A Treasury working paper by Mr. John Odling-Smee and Mr. Nicholas Hartley concluded earlier this year that a devaluation produces a significant impact on the current account for as much as five or six years. Exchange rates changes feed through to domestic costs and prices, eventually offsetting the initial change in competitiveness, though the speed with which the offset occurs depends on the mix of incomes, fiscal and monetary policies. Devaluation can do no more than provide industry with time to take advantage of any competitiveness gains to secure increased market penetration and to improve its non-price position.

The erosion of the initial price and cost advantages appears to be becoming more rapid because of shorter time lags in the inflationary chain. Thus the relative export price advantages gained by the devaluation of 1976 were more than reversed in the following year. These changes of price competitiveness may go some way towards explaining both the near eight per cent rise in the volume of exports last year—roughly twice the increase in world trade—and the much slower growth of sales overseas this year. Export volume in the first half of this year was only fractionally higher than in the second half of 1977, and there has probably been a slight fall in the British share of world export trade. But the official hope, supported by surveys of export prospects, is that exports should pick-up in the current half.

Looking ahead, most independent forecasters are relatively optimistic about a steady rise of export volume next year, both because of a slight pick-up in the expansion of world trade generally and because Britain still retains some competitive edge from 1976—in relative labour costs and profitability even if no longer in relative export prices. Although sterling has been relatively firm for much of this year against the dollar, it has fallen compared with the stronger Continental currencies and the trade-weighted index of the external value of sterling is now more than 6 per cent lower than at the beginning of the year.

Overall, while the recent export performance and prospects may be regarded as reasonably encouraging—at least by comparison with the 1960s and early 1970s—this growth has been needed solely to offset the unfavourable price movements since 1973-74 and the steady expansion of imports. The Department of Trade rightly subtitles its report No Room for Complacency.

MEN AND MATTERS

Quaffing a political pint

Roy Hattersley's agreement to address assembled connoisseurs of beer at the Campaign for Real Ale festival at Alexandra Palace yesterday gives the impression of salt rubbed in freshly-inflicted wounds.

Only a fortnight ago Prices Secretary Hattersley needled the big brewers by hotly demanding them to state how much they were paying the Conservatives in contributions and to describe "what they hope to receive in return." He also accused them of dividing Britain into areas of exclusive and increasingly incompetent control. Yesterday he praised CAMRA for its success in widening the choice of beers through its battle with the big brewers.

Allied Breweries was one of the Big Six which felt stung by Hattersley's remarks last month. But no one seemed concerned about his talking to CAMRA: "He can talk to whom he likes," said a spokesman, adding that the breweries seemed to be fair game at election time: "Somebody always has a go. It's as predictable as night following day." With respect to Labour allegations, I was told, AB paid just £1,900 to the Tories last year and was taking notice of CAMRA's less strident criticisms. He did not mention the £25,000 which the group paid to British United Industrialists, most of whose money goes to the Tories.

Meanwhile at Alexandra Palace, Hattersley managed to swallow, without apparent discomfort, a pint of a Cardiff brew called Brains. My informants tell me Hattersley is more of a claret man, but his private office assure me this is not so. "He drinks beer and lager," said an official. "He has a real ale in his own local club at Sparbook, Davenports, a well-known Birmingham brew, and he always remembers Sam Smith's. . . I drink a hell of a lot of beer," he added, as if this made up for any possible non-socialist tendencies on the part of the master.

Self-milk hire

Life is proving tough on Swedish pastures. Difficulties in raising bank loans have led so many farmers to hang up their churns that a number of dairies in the south have backed a rent-a-cow service. For a weekly fee £5 a head, Swedes will soon be able to rebuild their herds.

I look forward to hearing how many sub-committees and new regulations are spawned when someone tries it in the EEC. Eurocrats on the agricultural front have not yet pronounced on the single precedent that has reached my ears—a West German student who last year started a rent-a-sheep business to keep parks and lawns in trim. She is now claiming to have an income of £20,000 a year and happily boasts that the lessees become so attached to their animals that, when the leases expire on their four-legged lawnmowers, they often buy them.

Moving on

Desmond Pitcher is the latest of the crop of managers to resign from BL to find that the grass is still green elsewhere. From October 1 he will be managing director of Plessey Telecommunications International. The five companies previously reporting to Dr. Bill Willetts, chairman of PTI, will now do so to Pitcher instead.

When I asked a spokesman for Plessey what the future was for Willetts I was first told that all that had happened was that a hole had been filled and then that "obviously something else is going on." That sounded intriguing but the truth proved relatively mundane, that Willetts, one of the four members of the chief executive office of Plessey, would now concentrate on what had been intended to be his original job, that is dealing with group-wide interests.

Not so intriguing after all, but for Pitcher at least the going is good.

Reverse charges

Many a private concern must envy the position of the Post Office, which, it seems, has no obligation to return money to telephone subscribers deprived of the service they pay for. Geoffrey Waggett, head of telecommunications with the Post Office Users' National Council, tells me there has been "quite a number" of complaints about the Post Office refusing to pay rebates for lack of service during the engineers' dispute. He is advising subscribers to mention in letters that they are acting on the advice of POUNC: "We have never had a general manager refuse, once written to in that way," he says.

Subscribers whose phones are out of action for at least two working days can normally recover part of their rental. The legal position is, however, simple. Under the Post Office Act of 1969 the GPO is exempt from the Sale of Goods Act and never has to repay anyone anything.

Businesses hit by broken-down telephones might be consoled by the fact that POUNC is now working out a code of conduct with the Post Office which should at least enable them to recover part of the rental. But it is a small consolation. Rebates work out at about 10p a day per line.

Fighting fit

Mr. John Silkin, our pugnacious Minister of Agriculture has spent much of the summer break polishing up his image the better to match his bright new ambitions.

His Parliamentary and Cabinet colleagues may be hard put to recognise the lisson figure of the self-styled "thug of Europe" when Parliament reassembles later this month.

A self-imposed diet has resulted in the loss of more than a stone from that burly frame. He's down to 12 st 2 lb and aiming at 11 st 7 lb.

Colleagues say the man himself is in fine form, honing his trim figure to perfection with plenty of rounds of golf. His friends say his tailor is "going berserk."

He has also had extensive dental work done, presumably to help him live up to the fearsome vision painted of him by an Italian financial paper recently. "A political bulldog," 24 Ore said of the Minister, "who bites to leave a mark."

Observer

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The Leisure Industry

Longer holidays, a shorter working week and increasing prosperity have led to growing and more varied demands for leisure. Already there is a massive network of companies catering for this demand which is likely to continue to rise.

Growth market in most areas

By Arthur Sandles

THE MAJOR obstacle to any sensible discussion of leisure or the leisure industries is the basic question of definition. In its broadest sense leisure is that to which we dedicate our residual time, money or effort. Thus anything which might be considered a discretionary spend of any of these resources is leisure—be it a night at the opera, a day at the races, wine with a meal, the enjoyment of a good book or a walk on the Downs.

The difficulty with such a simplistic definition is finding the point at which spending becomes discretionary. Thus, to many, a car is an essential for normal daily life. But a car that does 100 mph in a country where the speed limit is 70, or takes up 16 ft of road room when four seated people might need 10 at most—that clearly is a discretionary spend. But is it leisure? Probably not. There is therefore an area of discretionary spending which simply makes the basics of modern life more pleasant, and it is above this level that leisure spending really begins. Around it has grown a massive network of leisure industries answering, and creating, human demand.

As the availability of discretionary time and money has changed so has the nature of the business; an important clue to the assessment of recent adjustments in demand and to likely future developments. As recently as 20 years ago the bulk market for leisure assumed modest supplies of both cash and time, at least in the UK and much of Europe. Thus, investment in meeting potential demand tended to concentrate on activities which covered a relatively short time scale and could be attractively priced—the cinema, dance halls and that time-honoured British institution, the pub.

The lengthening of holidays and the shortening of the working week began to open up other opportunities. In the immediate post-war years these were spotted by such entrepreneurs as Butlin and later by those who developed mass market foreign package tourism. The motor car enabled new areas of the country to become more accessible and oddly enough helped to contribute to the slow stagnation of many seaside resorts. The car made demands on resources in the form of road-building and car parking facilities which few resorts have been willing to meet, lacking the financial courage of Victorian forebears who built promenades and public parks for their visitors.

In turning such visitors away, steering them instead to the safari parks and stately homes, the resorts were left with that sector of the market which did not own cars—hardly the best basis for a thriving business.

The leisure industries were reminded sharply of the time-money ratio when the oil crisis provoked global economic recession. Most then found themselves with a market which was rich in time but was carefully preserving its cash. The workings of the ratio have to be examined with caution. In recent years, for example, one of the differences between the American leisure market and the European has been that Americans have tended to have higher incomes but shorter holidays (a situation which is rapidly changing) giving the U.S. a rather more cash-orientated leisure market than Europe. Any future investor in leisure must consider not only what the cash-time position might be in the future, but also what it might be in any particular geographical or social area.

In Britain major changes in leisure have been produced by an overall liberalisation of social attitudes. Changed views in the fields of sex, drink and gambling have produced leisure activities (no double meanings intended) which would have been unthinkable even 30 years ago. Unmarried 18-year-olds of different sexes go out for evenings or away for holidays with smiling farewells from parents.

They will dance and drink much of the nights away while the older generation is enjoying itself in the bingo hall.

The liberalisation of gambling has produced not only a change in leisure itself, in that emphasis has swung away from the football pools which were once the poor's only legal means of gambling which did not require attendance at a dog or horse racing track. It has also created vast commercial enterprises whose gambling richesse is now finding its way into various other fields of leisure activity. Television money and gambling money are the two new forces in leisure investment today in the UK, joining the old established source; liquor money. In the U.S. you can add film money to this list.

The London Zoo has maintained its popularity.

All this would seem, on the surface, to stress those fields of leisure which require investment, but in fact there are very few activities today which do not. Participatory sports, even such basic ones as soccer and rugby, are demanding on space in a land hungry age, and the most hardy team these days seeks somewhat grander changing facilities than was dreamt of by its grandfathers. Fishing, fell walking, sea swimming and bird-watching all now seem to require financial support if the activity itself is not to be self-destructive. A strain is thus placed on the resources of national and local authorities and a market given to the supply and maintenance industries.

Thus a variety of factors have combined to make leisure not simply the crumbs remaining from an industrial nation's other activities, but a major sector of commercial activity in it own right. When foreign tourism to Britain alone accounts for national receipts in excess of £2bn the overall size of a sector which includes everything from the building of holiday homes to the printing of books, from the provision of sewage plant for Luton airport to the supply of light bulbs for Blackpool's illuminations, can be judged.

It is also clear that almost whatever happens to the world economy the question of leisure is bound to be a growing problem for society and probably, a permanent field of investment opportunity. Social pressures, allied to developments in manufacturing processes are likely to accelerate the amount of leisure time available to the average person.

There is, of course, the question of how much leisure a person can absorb. I have a theory that there is a limit to the amount of leisure in its purest sense—the relaxation of the senses—that the human mind can take before it slips into boredom. When most of us reach our boredom threshold we turn to a form of leisure which others might consider work. We garden, we build boats, we decorate rooms which do not need decorating, we take up creative hobbies.

Many a rich man (in this male chauvenistic world the men still tend to be the holders of wealth) will start another business "to keep my mind occupied," which is as much leisure as the poor man's allotment. Many a well-fed wife will herself do good works which might be better done by others who were paid by her.

There is an in-between stage in this rush for additional employment, and that is the stage that seems to have caught up much of the middle-income West at the moment—activity leisure. Sports such as yachting, golf, tennis and skiing have become mass market activities and the industries which supply them have succeeded in making the participants fashion conscious to an extraordinary degree. Companies like AMF, Dunlop and Slazenger may have seen slight hiccoughs in the explosive growth of the active leisure market but still that growth continues. The demand for healthy leisure may have been making minor inroads into our open rural areas and inland water but the real development has been in the sort of activity that requires fairly sophisticated equipment, buildings or landscaping, such as can be seen on any modern golf course, squash centre or ski resort.

Another area of remarkable growth, probably stimulated by technological development, has been at the opposite end of the activity scale—in home entertainment.

The development of colour television, high fidelity multi-channel sound reproduction, and audio and video recording systems are probably only the thin end of what is likely to prove a very thick wedge. That all these were only pipe dreams as far as the general consumer was concerned only 30 years ago gives some indication of what the next 30 years are likely to bring. The technological invasion of our living rooms has only just begun. The children of today will doubtless have domestic computer terminals with direct access to entertainment banks offering a range and quality (in technical terms) of audio video diet we find difficult to conceive.

Perhaps all that will be the final blow, and the rush to escape from machine-aided leisure will begin in earnest. When the leisured classes arise to throw off their yoke of purposeless pursuit of pastimes, then indeed will the wheel have turned full circle.

The foreign package

SHOW ME someone trying to find a firm trend in package tour operating performance, and I will show you someone who is going grey. The one consistent factor in the package tour and travel agency business is that returns vary sharply from year to year and from company to company. Whatever else it is, the package tour business is volatile.

A recent review of the industry by Jordans Dataquest showed that according to the last figures available Thomson was Britain's biggest travel company in terms of turnover; Thomas Cook tops the league in terms of profits/sales ratios; Hunting Lambert in terms of profits compared with tangible capital employed; and Wings in terms of sales and net capital employed.

The profits/sales ratios make interesting reading, for it is these which indicate the narrow margins upon which the industry as a whole operates, and help to explain why the industry is so sensitive to relatively small swings in market performance.

The bulk of the best performers in the profits/sales ratios fall in the four to seven per cent range. These include, (in ascending order) Pontinental, Hotelplan, Ingrams, Wings, Supertravel, Callers Pegasus, Horizon Midlands, Thomson Travel and the Travel Club. The majority of operators do considerably worse than these.

Margin

This lack of a healthy margin on sales bedevils the package tour business, making it particularly sensitive to consumerism and very badly placed to deal with the vagaries of the market in which it operates. However, since its fixed costs vary only marginally in relation to sales (a tour 66 per cent sold costs nearly as much to run as one 99 per cent sold) the potential for bonanza years is considerable. It is the temptation of these rich years which lures companies into the market, often with pleasantly impressive results.

The dangers of the game have been spelt out vividly in the U.S. this year. When airlines involved themselves in a direct sell price war, supposed savings by taking package tours were wiped out. The American market turned solidly scheduled and took the commercial carpet from under tour operators' feet. Exit some majors.

The prospect of de-regulation of scheduled airlines spreading from North America to Europe is one which must give nightmares to the package tour industry, but it is not the only concern that it has. Britain's biggest package destination, Spain, has been showing signs of commercial instability every bit as worrying as the political unrest of two years ago. There is talk of Spanish hoteliers seeking to double the amount of money they are paid by the British for accommodation, and of the British replying that this would destroy the market.

Since there is widespread evidence of declining standards in Spanish hotels as they attempt to keep their costs down to meet the terms of their contracts with foreign tour operators there is probably some justification for a substantial rise in the prices paid if custom is not to be driven away. Nonetheless, the tour operators also have a measure of justification in thinking that a sharp price rise would be unfortunate in its market impact.

These problems come at a time when the travel industry is coming to the end of its second highly satisfactory year (excluding the costs and inconvenience of the French air traffic controllers' dispute). This is partly due to the operators' own commercial wisdom but also, to some extent, thanks to a shortage of charter jet aircraft, which artificially limited the number of holidays on offer.

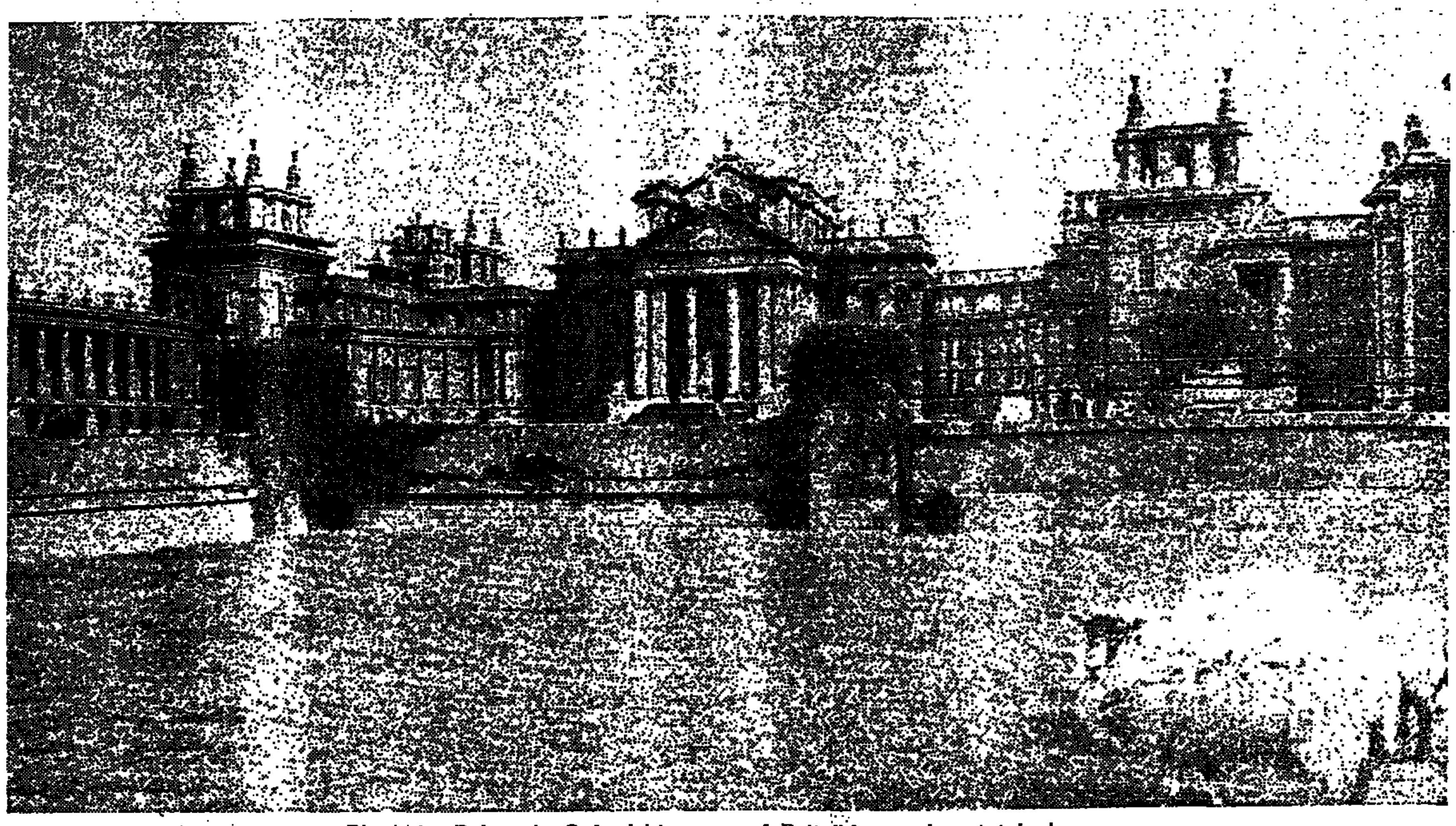
Some tour operators were keen substantially to enlarge their programmes for 1978 but found, in the end, that there were simply not enough aircraft available to meet what they saw to be the likely demand. The result was that in high summer this year late-bookers found it virtually impossible to take a foreign holiday in many of the more popular sunshine destinations. This, of course, means high load factors and potentially high profits.

With the summer of 1978 having been such a bad one in Northern Europe generally there is good reason to think that demand for foreign holidays in the summer of 1979 will also be strong with people being determined to get their share of sunshine. Already bookings for *winter holidays* in the coming season are showing remarkable strength, with some operators already having sold nearly half their programmes. Confidence that this trend will continue has led several operators into the decision to start their own airline, or at least to contemplate the prospect. Intasun, Global, Horizon Midlands and a group of small operators acting as a co-operative under the banner of the Association of Independent Tour Operators are all in the queue for jets or are thinking about the idea.

There is little doubt that overall confidence in the future is to some extent based on the belief that future Governments, whatever *their political* colour, are swinging towards a renewed encouragement of the middle classes. Differentials means spending power.

History would seem to be on their side. Foreign holidaymaking by the British has risen from some 5m holidays ten years ago to nearer 8m this year, although that blanket statement avoids the fact that the peak year was in pre-oil crisis 1972, and there seems little reason to doubt that it will continue upwards. That the basic market is likely to increase might therefore not be in doubt, but the form that increase is likely to take lies very much in the hands of Governments. Low scheduled air fares could be the rock upon which some enterprises founder over the next couple of years although protectionist European governments are likely to prove a tougher obstacle for the free-wheeling regulation abolitionists than was the American CAB or indeed is the British CAA.

Arthur Sandles



Blenheim Palace in Oxfordshire, one of Britain's popular stately homes.

British holidaymakers become more discerning

THE MAJOR change in the structure of the British holiday in recent years has been the consolidation of post-war enterprises which—largely thanks to individiual entrepreneurial effort—came within the fold of major diversified groups. Thus Butlins became part of the Rank Organisation, Pontins has recently entered the Coral stable and Ladbroke has gathered into its net numerous holiday camp and other operations, including the largest fleet of private hire boats in Britain. At the same time established hotel companies, such as Trust Houses Forte and Grand Metropolitan, have made a much greater effort at presenting a group image and co-ordinating marketing. In five years the tidying up process in the U.K. has been rapid. From a market which was highly fragmented and by most yardsticks badly marketed—certainly in comparison with foreign package holidays—the domestic holiday industry shows considerable signs of reorganisation and renewed vitality.

The question is, of course, are the returns going to be there? Clearly the three majors in the holiday camp business must think so. Coral bought Pontins less than a year ago; Ladbroke is still hungrily looking for further camp purchases; and even the Rank investment in Butlins is only a few years old.

However, a decision to put money into the domestic holiday market is not a simple one. Labour costs, the short British season, unreliable weather, uncertain economic circumstances —all these make a Board bite its corporate nails a little before signing substantial investment contracts.

When the final figures for this year are counted some 43m holidays will probably have been taken by the British, around 35m of them in the UK. This marginal fall, for the fifth year in succession, is due to the miserable summer weather conditions which almost certainly led to a drop in impulse holiday-making. The most likely holidaymaker will come from the south east (20 per cent), travel in July or August (60 per cent), take the car (71 per cent), and rent a caravan in the West Country (20 per cent). The average family group of 2.6 people will spend £49 a head (1977 figures).

Those averages, of course, disguise a considerable range of holidaymaking. Those who believe that the British domestic holiday market is the poor end of the business might care to note that last year more than 6m British holidays were taken by the domestic market in licensed hotels and motels—a *vastly bigger share of the total* cake than goes to foreign package tourism. At the same time, however, the number of people who holiday with friends or relatives, a declining habit, still accounts for a fifth of all British holidaymaking.

Oddly enough, it is the holiday camps, a relatively small and seemingly static sector of the industry, which has attracted the most investment attention in recent years.

The real reason for this is that beneath the apparent surface stagnation of the holiday camp market the past decade has seen the swirling cross currents of change. Although the total market has moved only marginally an increasing share of that market has gone to the major operators.

Trap

After their first joyous years of the 1950s the camps generally began to slip into an investment trap. A basic rule of all holidaymaking is that the customers, by and large, demand accommodation and services when they are on holiday at least equal to those they get at home. There are, of course, exceptions to this. The rich will suffer cramped conditions on their yachts and the environmentally conscious middle class will camp beside chilly Swedish lakes, but the principal is basically valid. By the mid-1960s it was clear that many camps no longer came up to standard. A post-war blue collar market that once had outside lavatories and tin baths at home, now boasted central heating and deep pile carpet. Better works canteens, home fridges and a wide range of take-away food outlets changed attitudes towards eating, making the old camp-style meat and two veg. served at two rushed *sittings, an unacceptable offering.*

Probably quickest off the mark to spot this movement was Fred Pontin, whose investment in self-catering units with relatively modern equipment in the 1960s was an ambitious and, as it proved, wise decision. As all the major groups followed suit so the financial strain on many of the smaller centres became too great. Dozens of those one-time camps which dotted the British seaside 30 years ago have disappeared, often to re-emerge *as the ubiquitous caravan site.* All the companies now realise that continuous up-dating is the name of the game. Butlins reckoned to spend some £3m on improvements prior to the 1978 season, covering not only the improvements to accommodation and eating facilities, but also the provision of further amenities which can provide additional cash flow. The camps now offer things which those 1940s pioneers would never have considered possible for their "Is everybody happy?" clientele—horse-riding, beer kellers, payment by credit cards! Ladbroke is currently spending considerable sums to get colour television into as many units as possible.

So up-market has Butlins gone in some of its operations that it has dropped the Butlins name, choosing Freshfields to cover such operations as the Sussex Beach Holiday Village (even camp has disappeared) which charges £121 a week in peak season for a prime chalet for four, self-catering, and for continental camping and caravanning holidays.

Improvement and investment would seem to be the name of the game throughout the British holiday market in the foreseeable future as consumer expectations rise. This is likely to place further pressure on small, under-capitalised operations but also severely expose those major groups which are unwilling or unable themselves to keep pace with change.

The oil crisis had no significant impact on the amount of holiday-taking by car. However, the remaining market shared between coach and train travel is currently the subject of a major battle. Some of the coach operators are complaining about the dumping of seats by British Rail on the domestic package market at prices with which road transport cannot compete. Whether this is the reason for rail's recent recovery in the holiday transport business and coach travel's continued decline is an interesting question. Meanwhile, *expect growing* unrest from the busmen as British Rail begins to flex its marketing muscle.

A. S.

طبقاً للأصل

Hotels bursting at the seams

IN MAY this year the London Tourist Authority sent out a red alert—London was bursting at the seams and there were no available hotel rooms to be found. Businessmen in New York enjoying a late breakfast were warned over the radio, do not come to the British capital unless hotel accommodation had already been arranged.

The freak conditions were the result of Cup Final week-end colliding with Ascension Day holidays in Europe and a high demand for hotel accommodation for business conferences. While the crisis was short-lived it did highlight the problems facing the hotel industry in London—that of matching future hotel development with tourist demand into the 1980s.

London's experience is not unique. As air travel has become easier and cheaper so demand for overseas travel has boomed among businessmen and tourists alike. Despite the hotel building boom which took place in the late 1960s and early 1970s many of the major capitals and business centres of the world are once again talking of bed shortages.

Costs

As building costs have soared so the incidence of major hotel projects has dwindled and despite the recent tax concessions given by the spring budget the process is unlikely to be reversed in large centres like London where building costs are so much higher.

Mr. David Troy, vice-president of marketing of the Sheraton Corporation said earlier this year at the Fourth European Hotels Sales Management Association Conference in Dublin that building costs were such that it was unlikely that private finance would be sufficient to build the hotels needed for the 1980s. He said that, regardless of the country where new hotels were being built, construction in excess of £40,000 a room were the "norm" rather than the exception.

Mr. Troy said that there would still be room for the private entrepreneur and for the modern chains but increasingly these groups of individuals would find themselves managing real estate owned by the banks, insurance companies, pension trusts and other financial institutions.

In a move to help the industry the Chancellor in his Spring Budget introduced tax concessions for hoteliers. These included a 20 per cent write-down allowance in the first year on all new buildings and an annual write-down allowance of 4 per cent on a straight line basis.

The industry welcomed the moves more so because the Government had at last recognised that hotels were an industry with peculiar problems rather than because it felt that the tax concession would herald a wave of new hotel construction.

Sir Henry Marking, chairman of the British Authority said: "The contribution of hoteliers to employment, foreign currency earnings, exports and regional prosperity has never been greater and it is right that one discrimination against the hotel industry should have been removed." The industry, however, would still like to see the sort of capital allowances on new development that are available to manufacturing concerns.

Mr. Kim Jones, marketing director of Rank Hotels, said after the Budget: "I don't see why there should be any differences between the hotel industry and other industries which get a 50 per cent initial tax allowance on buildings."

The view of consultants Greene Belfield is that the tax concessions in the Budget are more likely to promote work on extending existing hotels rather than building new ones. In a booklet "Investing in New Hotels and Extension Post Spring Budget 1978," the consultants say that because of the difficulty in finding suitable sites and obtaining planning permission many companies are more likely to consider extensions which usually have a high potential profitability.

It sees Development Land Tax as a serious inhibiting factor to completely new development and says that unless it is reduced or scrapped then owners of potential hotel development land will just "sit on it."

Meanwhile despite the bed shortage crisis that emerged in London in May there are continuing signs that the pressure—at least for this year—has eased slightly.

In London, small town hotels and at the seaside bed occupancies have declined this year—only the large town hotels outside of the capital appear to be holding their own. This, however, was only to be expected after the exceptional conditions of last year when Jubilee celebrations coincided with a still relatively low world value for sterling which brought thousands of tourists into Britain on shopping expeditions.

The latest bed occupancy figures produced by the English Tourist Board show that the average bed occupancies for London hotels in April had fallen to 61 per cent compared with 75 per cent for the same month in the previous year.

These figures may be slightly misleading as Easter fell in April in 1977 which clearly helped boost occupancy levels. However, most major hotels in the city are saying that occupancy levels are down on the previous year—but this has not hit profitability as the hoteliers are now reaping the benefit of higher room rates.

By comparison with the London figures occupancy rates for large town hotels (outside the capital) in April remained constant at 50 per cent and in real terms are probably up on the same period a year ago.

Mr. Cyril Stein, chairman of Ladbrokes, said recently that occupancy rates for large town hotels were currently running at a record 70 per cent. This company, recognising the difficulty and the cost of breaking into the major London market, is looking for expansion in the large town areas and also sees a big future for motels where building and service costs—including motel labour — is much cheaper.

Seaside

It is the seaside hotels which have really felt the pinch while elsewhere hoteliers have been having boom times. The growing incidence of caravan and other self-catering style holidays have hit the low tariff hotels in particular.

Last year bed occupancy rates in low tariff seaside hotels—where there is a large incidence of boarding house style residences with less than 10 bedrooms—fell from 39 per cent to 36 per cent. The average rate of occupancy for all seaside hotels was down from 43 per cent to 41 per cent.

The real push last year came from the London hotels where the average occupancy for the 12 months was at 65 per cent, having touched 82 per cent during the peak month of August.

The capital is dominated by the very large hotels—in London 20 per cent of all hotels account for nearly 80 per cent of all bedrooms. By comparison only 2 per cent of seaside hotels have more than 50 bedrooms.

London will clearly continue to attract large numbers of overseas tourists—maybe not as many or as rich as those last year—while the incidence of business conferences is continuing to grow. The result, unless new extension and building projects get quickly underway, will be an increasing incidence of bed shortage in future years.

Andrew Taylor

The Ladbroke Belgravia Hotel in London.

Catering for fast food

IT HAS BEEN a fascinating year in the catering business and one, oddly enough, dominated by the entrepreneurs. While the major British domestic groups seem to have decided to keep a low profile until the market settles into some sort of dependable pattern, there have been fascinating developments elsewhere—notably the continued interest of America fast food operators in the British market and the remarkable recovery in the luxury end of the market in London in particular. This expansion in high-cost eating has led to the opening of several new restaurants in the centre of the capital usually involving individuals in heavy investment. The only major group purchase of note has been Grand Metropolitan's acquisition of the Boulestin in the now trendy Covent Garden area. Whether Mr. Maxwell Joseph will move this property up-market remains to be seen.

Another area of expansion where individuals have been strong is in discotheques, where the catering element is an important factor in profitability. Rank and Mecca (Grand Met.) are traditionally strong in dancing, of course, but much of the fashion pace is being made by private operators. The expansion of the discotheque into a much more sophisticated operation than was the case a decade ago has stolen much of the younger market from other forms of clubs and even the once prosperous northern entertainment centres are beginning to feel the impact of this competition.

There are around 30,000 restaurants and cafes in Britain but the dividing line between what is an eating place and what is not is increasingly blurred. The UK's 61,000 pubs are a growing source of food as well as drink, and the restaurant figure does not include our 14,000 fish and chip shops or 8,000-plus take away and fast food outlets. The industry overall has been in decline for the past four years in financial terms, its apparent growth being outpaced by inflation in that period. Much of this real loss has been due to a trading down on the part of consumers as discretionary spending diminished.

Now, however, there is a growing feeling of confidence in the industry, one that suggests that 1978 might even see a return to growth in real terms as well as in financial levels.

Struggling

The fact that many operations have been struggling to survive over the past couple of years explains the present mood of retrenchment in the industry and possibly the fact that much of the newer development has been the result of intervention from outsiders rather than from established domestic operators.

A recent Jordans look at the industry said that "in terms of overall performance it is disturbing to note that as many as 21 companies out of 132 (some 15.9 per cent) in our survey were loss-making according to their latest filed accounts. The period corresponds roughly with the 1976 recession, and all the signs point to a revival in 1978. This percentage, moreover, represents an improvement over our previous survey in February 1977, when 27 firms were losing money." (Jordans Dataquest, Catering 1978 Edition, Jordan House, 47, Brunswick Place, London N1.)

London's West End has in particular been a target for newcomers. The reasons for this are fairly obvious. The tourist market, which soared in Jubilee year, continues to be healthy and the business lunch sector of the industry flourishes as companies offer perks to hard-pressed middle management.

Over the past two years several new restaurants have opened in the Covent Garden area and at least three de luxe properties started up in Mayfair. All over central London the wine bar boom continues apace. In almost every case, however, the larger groups are scarcely to be seen.

With the overall market showing signs of revival, however, this is unlikely to remain the case. This is probably particularly true in the field of fast food where Wimpy, under its new ownership, shows signs of not letting incomers MacDonalds have the headlines all to itself. Perhaps Trust Houses Forte, which has been tasting the franchise waters with its Little Chef operation for some time, will enter the fray. Certainly Rank has been looking at the prospects.

There is little doubt that fast food is likely to be one of the major growth areas of the 1980s if discretionary spending shows any increase at all. The British have already shown signs of being willing to adopt the American habit, although perhaps with less enthusiasm than some thought in the 1960s. Americans spend approaching a third of their net income on eating out, much of it going into the swelling coffers of Big Mac and Colonel Sanders, so the potential for expansion in this field, planning permissions allowing, is considerable.

The chief hindrances in the form of competition to the growth of fast food in the UK has been the fish and chip shop, which has shown itself to be remarkably resilient when faced with new rivals, and the pub. With fish and chip shops still outnumbering fast food outlets by seven to one, and even having fought off attacks from sweet and sour pork and tandoori chicken, the fast food operators have a major task before them in order to break such an established tradition.

A. S.

Growing support for the arts

THE ARTS represent one of the fastest growing leisure pursuits in the country. Encouraged by increasing Government cash—£49m to finance Arts Council support this year—money from local authorities (the GLC alone gives £2m); and now well over £1m in aid from industry and commerce the arts are approaching sport as a big business. Admittedly the audience is smaller and certainly more select—though with around 2m people attending concerts during the year perhaps the numbers are not all that small.

The demand for the arts is shown in the very high attendance figures, well over 90 per cent. for the National Theatre and the Royal Shakespeare Company. In its last season attendances at Covent Garden averaged a record 93 per cent for opera and 89 per cent for ballet. The Coliseum, which houses the English National Opera, can claim similar success, while at the close of its first full month's booking for its English National Opera North in Leeds hundreds of applications for seats have had to be returned.

Tradition

And yet the arts plead impoverishment. This is mainly because in recent years the rules of the market place, which used to apply when art was dependent on private patronage, no longer exist. Under Baroness Lee, in particular, the Arts Council was able to command much more Government money—and a tradition of art for art's sake, but funded by the public purse, arose. The recession, especially as it hit local authority spending, has blighted what was approaching an artistic free-for-all.

Some worthy operations, like the New London Ballet, disappeared in the freeze, and the money available to maintain buildings all but dried up. But in the main a more critical assessment of artistic ventures, at least at national level, may have provided benefits in the long term. At the regional level, where the arts has become subject to the political whims of its new paymasters, the dependence on public money for survival has been more detrimental.

Undoubtedly the activities of the Arts Council in the last decade have transformed the arts in Britain. The main plank of the council's policy has been to encourage the arts in the regions. For example, in 1956-1957 the proportion of the Arts Council's aid which went to the big London-based national companies—Covent Garden, etc.—was 46.9 per cent. By 1976-77 it was down to 26.8 per cent. Scotland and Wales received significantly more, and arts associations centres, festivals and literature, all mainly out-of-London activities, saw a rise from 1.2 per cent to 12.6 per cent.

This is bringing art to the people, and at popular prices. Indeed in the last year or so the Arts Council has gone further, pushing more money into community arts, which involves artists moving into a community and trying to express the life of that community in artistic terms rather than just making sure that a national theatre or opera company tours the provinces. The whole idea of community arts is an affront to many people who are concerned to protect the "excellence,"—the traditional standards, of the arts. Community arts could mean Arts Council aid going towards pop groups, old-time music hall evenings, bizarre plays with a biased political or structural form—in fact anything which could be loosely labelled artistic.

The Arts Council attempts to support community arts partly because it believes in them and partly because it wants to deflect criticism that it is an élitist middle-class body, funneling funds towards artistic enterprises that are only enjoyed by élitist middle-class audiences who ought to be able to afford the market price anyway. Obviously the Arts Council makes mistakes when it hands out (usually small) sums to artists with strange notions like balancing poles on the nose or brushing up leaves in neat piles. But its position in the middle, both culturally and politically, gives it no choice but to try to please everyone.

The basic fact is that it is still the major national organisations, the National Theatre and the Royal Opera House, that receive the millions of pounds in subsidy. A few thousand pushed the way of an avowedly Left-wing political drama group might be considered money well spent if it draws the fire from the opponents of the expensive and traditional and the up-market institutions, especially when these opponents might also be Cabinet Ministers.

An unfortunate consequence of an Arts Council is that it separates the arts which need public subsidy from the popular arts which can survive in the market place. The Arts Council is now doing something about this, putting £45,000 into a touring version of *My Fair Lady*. This is (at least in part) to keep open some of the large but unprofitable theatres in our industrial cities, but it is also an indication of the commercial and corporate sides of the arts getting together.

There is another, and new, supporter of the arts — business, which has realised that arts sponsorship can, at relatively little cost, achieve in many cases more than the indiscriminate *sponsorship of sport*. With the arts you are getting at opinion formers as well as all the ancillary benefits of a platform to entertain staff and clients, and helping the community. Not surprisingly it is the tobacco companies, especially Imps and Benson and Hedges (which cannot advertise on television), that help the arts the most.

Janet Baker starring in Idomeneo at Covent Garden in a performance sponsored by the Commercial Union earlier this year.

Next month, for example, at Aldeburgh the Benson and Hedges Gold Awards take place, a competition for solo singers, during the company's own festival. Many of the events will be broadcast and these days the BBC will give the name of the sponsor a mention, even on Radio 3. Much of industrial help is at the local level—paying for one of the leading orchestras to visit the town where the company has its factory — but some companies prefer to concentrate at the top, helping opera at Covent Garden, which has had recent productions supported by Commercial Union, Imperial Tobacco and the National Westminster Bank.

Although many leading politicians are apathetic about the arts there is an awareness that they are a great attraction for tourists—the Edinburgh Festival brings in much more cash than the rather meagre subsidy from the town council costs. In the summer the London theatres are kept open by overseas visitors, and a trip to Covent Garden is likely to be on the schedule of a top businessman (many of the best seats are held by industrial companies). The arts have been slow to adapt to a democratic age, but now there is less cant and hyprocrisy. In virtually every field the arts in Britain are flourishing; it is a pity that most of the headlines they make are of a sensationalist and alarmist nature.

Antony Thorncroft

Better films bring back the cinemagoers

THERE ARE always people eager to write the obituary notice for the cinema industry. This must be a bad year for such pessimists.

The cinema in Britain, indeed in much of the world, is enjoying an impressive boom. Attendances and revenues are well up and the smiles are beginning to return to the faces of Rank and EMI.

There are a series of factors behind the current revival of the cinema in the UK. In order of importance these are probably a crop of good films; much improved cinema facilities; youthful rebellion against television; and a vast improvement in film marketing (not least thanks to commercial radio which provides the cinemas with its ideal target audience).

The significance of the new crop of films is clearly the dominant reason for the return of audiences to the cinema. Over the past two years there have been numerous pictures of broadly based appeal and on varied topics. The wave of disaster movies which gave way to morbid studies of the supernatural has now been replaced by a kaleidoscope scene. Although *Star Wars* and *Close Encounters of the Third Kind* have started a minor rush to make science fiction films, a quick look at the top ranking pictures in both Europe and the U.S. shows a range from *Revenge of the Pink Panther* (knockabout comedy) through *Saturday Night Fever* (discothèque musical romp) to *Bilitis* (sex and the female young).

A scene from Saturday Night Fever, a major success for Paramount Pictures.

Fighting

Two years ago one of the major problems for cinema owners around the world was the shortage of material. Such has the investment in films been over the past 12 months, however, that the last quarter of this year will see more than 20 pictures released with budgets in excess of £2.5m — so many films, indeed, that the industry is now worried that there are not enough cinemas to show them. If there is a sad side to this, it is simply that the makers of low-budget films, experimental new talent, will have even less of a chance of getting a public showing with so many big studio productions fighting for screen time.

The reasons why the big companies are pouring in so much money at the moment is simple enough. One after another, each has had a remarkable success with a film. Fox had *Star Wars*, Universal had *Jaws*, Paramount *Saturday Night Fever*, and even EMI has had *Murder on the Orient Express*. The money produced by a film which hits the jackpot today is by any standards remarkable. *Star Wars* and *Fever* both topped the £100m mark in gross receipts in less than a year. In only a few months Paramount's *Grease* has taken more than £50m at the box offices of those countries in which it has been shown.

The process is clearly self-generating. As customers flow back to the cinemas so they encourage film makers to make better films, and as they do that so more people go to the cinema.

Needless to say, this has brought a measure of prosperity back to the film studios as manufacturing operations as well as in their role of film financers. This has happened on both sides of the Atlantic. The filming of *Star Wars 2*, for example has led to the building of a new large silent stage at Elstree for EMI, a project unlikely to cost less than £600,000 and partly funded by the Star Wars budget. Elstree and Pinewood have rarely been as busy as they have been over the past year.

The improvement in cinema facilities has been taking place gradually over the past decade. The giant 1930s halls were far too large for modern demand and also locked the circuits into a distribution system which meant that even if a film was playing to packed houses it had to move on, possibly making way for one which would draw relatively small audiences. The twinning and tripling of cinemas has produced a situation in which films can now, in theory, run until they have exhausted local demand. The result of this is that films that used to be carried by the old rigid system of distribution now quickly die. Today there are hits and flops, with not many in-betweens.

The one-time three stage system for release of films is gradually disappearing. This system placed a film for a fixed run in prime site locations, cinemas with modern facilities and charging a premium price. It then moved to provincial locations where the prices were more moderate but the accommodation standards acceptable. Once the distributors felt its capacity to attract to be limited it was then offered to the tiny back-street operations we lovingly called the flea-pit.

The difference between the first two has narrowed considerably, and the role of the third has to a large extent gone. Better management of the basic product, and the eventual sale of that product to the television companies has forced many independents to turn to imported or other specialised works—often sex films—to survive. This in turn has created a whole new market for foreign film makers, in both Britain and, more important, the U.S., giving audiences a taste for such material.

The major change that has come over the British film-making industry over the past decade has been the developing dependence on the American market. For years, particularly in the 1960s there was a reliance on American money, but even at that time the British exhibition market was sufficient to make a modest film pay on its home ground. That is rarely the case today.

Grossed

The Association of Independent Producers pointed out recently: "Whereas *A Taste of Honey*, an indigenous film, grossed £350,000 in the UK during April 1962 — three times its production cost — today the average UK distributors' gross on an English-speaking film (including blockbusters) is about £70,000. The cheapest commercial feature film cannot be made for much less than £200,000 — indeed, the average is likely to be in excess of £500,000."

With the U.S. accounting for more than 55 per cent of worldwide cinema takings, and a considerably higher proportion of English-speaking takings, when film makers talk about making an "international film" it is a euphemism for making a film suitable for America. It is for that reason that although there is quite a lot of UK film money about at the moment, notably from ATV and EMI, the bulk of it is being spent abroad on products intended for American audiences. Britain, thanks to an enormous store of artistic and technical talent and some superb production facilities, still attracts a large share of production investment—making us net exporters of film in fact — but the nation long since ceased to be able to talk of a home-based film industry making British material for British audiences.

With American television hamstrung by an over-abundance of advertisements, a need to hit constantly the middle ground and a seeming inability, for the moment at least, to be inventive, American audiences are likely to continue turning to the cinema for entertainment with any depth to it. Thus film-making reliance on the American market is likely to increase rather than fall. Efforts on the part of Sir Harold Wilson's Interim Action Committee on the film industry to come up with ideas to counter this trend and help the British film industry to stand on its own feet would seem to be faced with substantial obstacles. For the cinemas, however, it probably means a continued flow of the type of product we have been seeing over the past two years. And with the queues forming to see such movies, who can complain.

—A. S.

Entertainment at home

HE HOME entertainment market continues to be relatively healthy, though one must qualify this by saying that the V part of that market shows oth the most health in the resent and by far the greatest otential.

The causes for this are verse, and deserve listing.

Television has proved itself be the most popular piece of ome entertainment equipment recent years (though it hould be remembered that the dio market is now close to fective saturation, and most les are now replacement, or enage market, or radio-assette).

The introduction of colour levision has created a new arket within the TV sector, nd is still far from complete, ven in Western Europe. Italy, r example, has a very low proportion of colour TV ownership—around 5 per cent—largely because of confusion and delay over the system to be adopted. There is thus considerable growth left in the market.

● Monochrome sets are proving surprisingly resilient in face of the colour TV boom, and there is some evidence to show that the existence of the two types of set—monochrome and colour—has encouraged the "two-set family," with small monochrome sets being used by children for their own viewing.

● Video cassette recorders, now coming on to the market in some volume, offer both a new system and are expected to stimulate growth of the colour TV market.

● TV games, which will be extensively marketed this Christmas, will increase the use of the television and may increase its sales (by encouraging multi-ownership).

● Finally, the Post Office's Prestel system — previously called Viewdata—transforms the TV yet again, from being simply an entertainment medium to being an information medium with a wide variety of functions. Prestel is aimed specifically at business users, and will—if successful—naturally increase greatly the number of sets installed in offices.

Mackintosh Consultants, in an extensive survey last year, estimated the colour TV market in Western Europe to be 7.5m units, of which West Germany accounted for almost a third. The European market was forecast to grow to about 10m units by 1980, with additional or replacement acquisitions forming an increasingly significant proportion. Mackintosh noted that already in Sweden, one quarter of colour TV receivers sold were for "second sets," though in Germany the proportion was still around 10 per cent, and was much lower elsewhere in Europe. The survey concluded, however, that the second set element in the colour TV market could be expected to rise quite fast from now on.

In monochrome receivers, the trend overall in Europe is down, though small screen portables appear to be enjoying a mini-boom, especially in the UK and Scandinavia. The increasing penetration of imports from Singapore, Taiwan and Japan is causing concern to European governments, since several European set makers have stopped making monochrome sets entirely, and are relying on imports of portables to hold a market share.

The Japanese are undeniably the major force in the market, especially in the colour TV market. With the recently-announced link up between Toshiba and Rank, three Japanese electronics companies now have TV plants in the UK—National Panasonic (Matsushita) and Sony are already successfully producing up-market colour sets in South Wales. Hitachi, which had plans to set up a manufacturing plant in Washington New Town, Tyne and Wear, was kept out by an alliance of domestic producers and trade unions on the grounds that it would cut deeply into UK production: but Hitachi have set up a colour tube manufacturing plant in Finland, which all the European producers are keeping a fearful eye on.

The reason for the Japanese success is not difficult to discover—reliability. In most of the consumer electronics sectors, Japanese goods have now established a reputation quite opposite to that with which they came to the market 20 years ago. A recent Consumers' Association survey showed that Japanese sets were up to twice as reliable as European sets, though UK brands Pye and Ferguson also did better than average.

The UK's hi-fi industry has been similarly hard hit by foreign — often Japanese — competition, though even powerful Japanese companies have been feeling the pinch. While world sales probably continue to rise slightly, production capacity has risen much more quickly and there is now substantial over-capacity.

The UK remains strong in the turntable market, partly through Garrard (which is now suffering) and more recently through BSR, which exports 70 per cent of its considerable production, much of it to the U.S. It is a rare bright spot.

Radio, for example, is no longer a UK industry. Those which are sold under UK companies brand names are manufactured elsewhere, usually in the Far East.

To try to prevent a similar fate befalling the UK TV industry (which is still far from extinct), the electronic consumer goods sector working party of the National Economic Development Council proposed an industrial strategy which depended on a rationalisation of capacity by as much as 30 per cent, but at the same time the retention of as broad a product range as possible, both to develop export performance and to combat import penetration.

The SWP's interim report, published in May this year, optimistically forecast that if the trade could overcome the twin problem of import pentration and overcapacity, then "the SWP believes that the industry can increase its share of Western European markets where it has a significant cost advantage, and attain its objective of eliminating the present deficit on the sector's balance of trade."

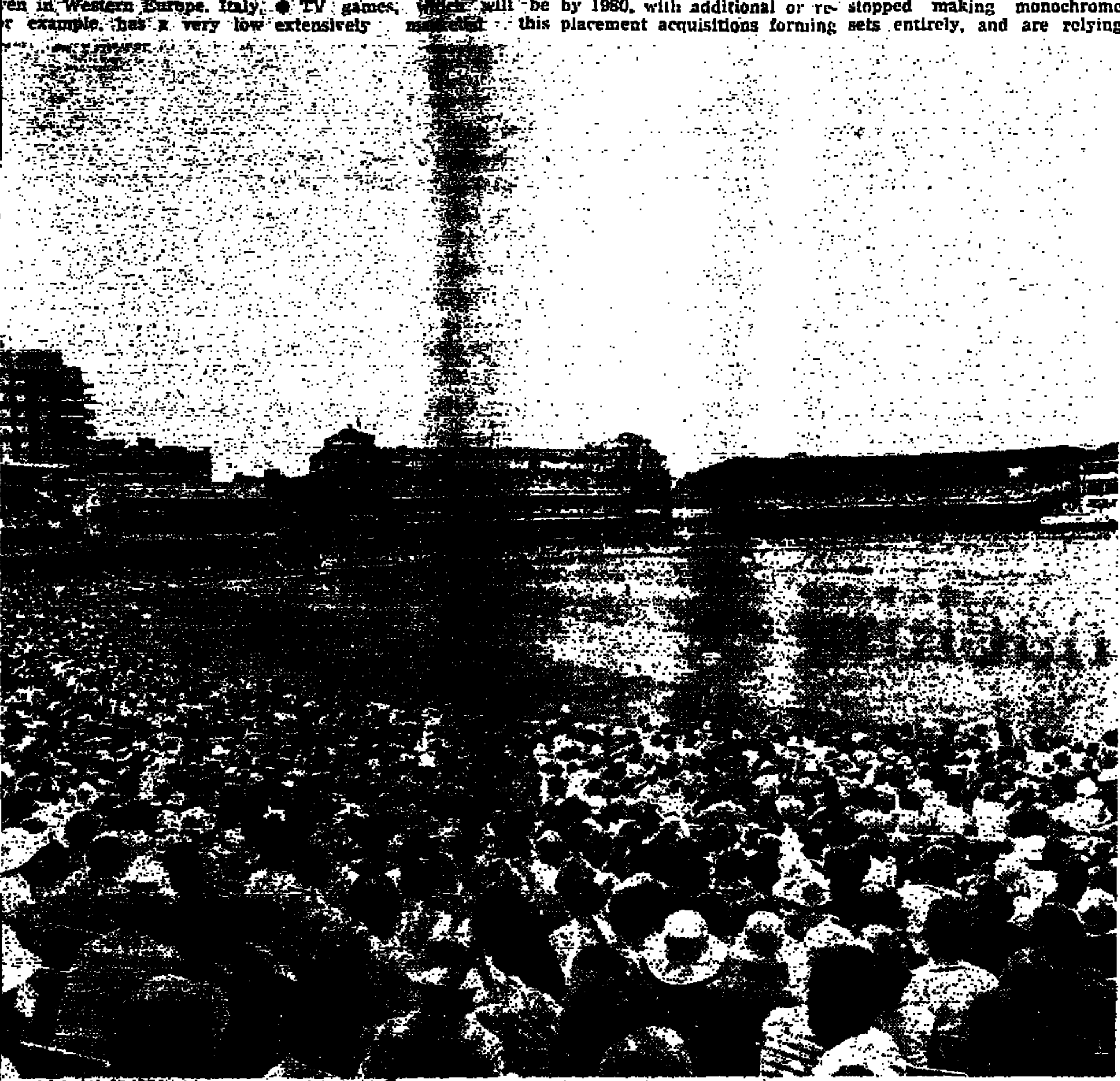
Capacity

To this end, the SWP recommended that capacity be cut back, that alternative employment be created for the workers displaced from the industry, that a standard rate of VAT be applied to all goods in the sector and that "the *strongest possible diplomatic* support be given to the industry's demands for restraint not only from Japan but also other Far Eastern bloc sources."

There are signs that an improvement — at least in the colour TV market—is under way. Mullard, the only surviving TV tube manufacturer, recently announced a major investment programme aimed at recovering part of the domestic market and capturing European markets. The Rank-Toshiba venture has been hailed as welcome because it will increase the UK capacity for good quality TV sets, and it has avoided a number of redundancies. Home production of colour TV sets is up in the first six months of this year, (though exports are too).

There is no pre-ordained reason why the UK TV and audio makers should continue to weaken. As the SWP report noted, there is often a marked price advantage in selling to Europe (because of lower labour costs). Creative use of new technology, together with much closer attention to quality control, could win back markets, foreign and domestic.

John Lloyd



Cricket is kept in business only by sponsorship. Lord's packed for the final of a one day competition.

Sport continues to draw the crowds

IS not always instructive to mpare the U.S. with Britain. is a vastly bigger market, a markably different world. it in the case of the leisure dustries — particularly the ectator sports — there is re to be learned by studying S. experience than most itish team owners or proters ever dreamed.

They organise themselves ferently in the U.S., so much that the majority of professnally run sports enterprises North America appear able operate at some level of ofit, so well are they ganised, packaged and sold.

By comparison, the financial nditions and self-inflicted rdships under which much of itish sport operates would ive a U.S. team owner to urs. Soccer, overwhelmingly itain's favourite, organises affairs in a manner proaching the surreal. Horse cing, though marginally althier, is beset by petty strife. Cricket is kept in business only by sponsors' generosity. And most of the minority sports are hopelessly ill-funded.

Yet they survive. And their tenacity appears to confirm the hope that if professional sport in Britain ever organised itself properly it would rank as one of the more dynamic sectors of that amorphous market known as leisure.

The signs are hopeful, even if one has to resort to U.S. research, momentarily, to support that view. Recently, the American sports magazine, *Sports Illustrated*, conducted a definitive investigation of money in sport. Part of that investigation was based on a survey of fans carried out by Yankelovich, Skelly and White, which sought to monitor the pulse of the consumer. The results of this survey, with minor amendments, are probably as relevant to Britain as to anywhere else. Here are some of the more illuminating responses:

Compared with five years ago, do you: Have more or less interest in spectator sports? More, 38 per cent, less, 14 per cent; *Get more or less fun out of watching sports?* More, 45 per cent, less, 4 per cent; *Have more or less loyalty for your favourite teams?* More, 30 per cent, less, 15 per cent. *Have more or less enthusiasm for star players?* More, 29 per cent, less, 19 per cent.

"It is only a hunch that makes me suspect that these figures are relevant to Britain, but if they are, Britain's spectator sports are probably on the eve of very real expansion. Here are some more, some of which are not quite so encouraging:

Research

Is there too much emphasis on money in sports today? Yes, 87 per cent, No, 13 per cent. *Does this over-emphasis tend to reduce your enjoyment of sports, or do you forget it once the game begins?* Reduce, 27 per cent, Forget, 73 per cent. *Compared to prices at restaurants, theatres and movies, do you think concession prices at sports events are too high, reasonable, or a bargain?* High, 56 per cent, Reasonable, 38 per cent; Bargain, 1 per cent. *If prices for tickets to your favourite sports events increased by 25 per cent, would you still go?* Yes, 56 per cent, No, 44 per cent. *If the increase was 10 per cent, would you still go?* Yes, 76 per cent, No, 24 per cent.

As I say, it is not easy to adapt the fruits of U.S. research to the UK, but it can be done, and the easiest-gained lesson from Yankelovich is that despite giant steps in rival leisure sectors, pro sport remains an enormously attractive target for the leisure pound.

As it happens, professional sport in Britain—or at least those parts of it most easily associated with gambling—have recently undergone a thorough investigation by Lord Rothschild's Royal Commission on Gambling, which amongst other things recommended a Football Board to administer £7m worth of aid to UK pro soccer (at 1977 prices).

Professional soccer in this country is an enigma. It survives, and it is true that the financial track record of even its humblest constituent has not actually resulted in bankruptcy for a good many years. But how any professional sport can seek to maintain so many clubs in existence is a mystery which even Lord Rothschild failed to explain.

On the other hand, it is clear from a close reading of the report that the Commission is unsympathetic to the view that the apparent financial troubles of the Football League are entirely its own fault.

Lord Rothschild's Commission was more generous, recognising that in many cases, Football League clubs are saddled with out-of-date stadia that need help if costs of meeting statutory crowd control regulations (to say nothing of hooliganism) are to be met.

Last year, the turnover of the pools promoters reached £258m, of which £103m went straight to the Treasury in pool betting duty; £8m was acknowledged as profits. According to the Commission, a £7m levy for soccer could have been collected via a 3 per cent surcharge on pools turnover—offset by a 3 per cent reduction in the pool betting duty and in any case handsomely outweighed, according to the further reaches of the report, by a significant increase in casino betting tax.

In truth, there are numerous ways in which soccer can be helped, just as there are numerous ways in which it can help itself.

For soccer, read sport.

Michael Thompson-Noel

THE LEISURE INDUSTRY VI

Steady rise in betting

THE POSSIBILITY of a Tote monopoly in betting looks to have been finally quashed by the findings of the Royal Commission on Gambling. For some time now there has been a growing feeling in certain fringe quarters, the racing public and racing organisations that not enough funds were coming from betting to finance horse-racing. The Tote's argument was that "so long as bookmakers are allowed to extract huge sums of money every year from the horse racing industry, the industry will never be healthy." The Commission did not hold this view since it was felt that racing and betting were separate economic activities. While both activities were dependent on the existence of the other the Commission agreed that bookmakers were under no obligation to finance horse racing.

Proposal

Horse racing has been suffering financially for some time now and most of the courses are only marginally profitable. The main problem is that race courses are sizeable complexes covering a vast area of land which can only be made viable propositions by a much greater utilisation factor. The Commission's proposal for the formation of a British Horseracing Authority to run racing and in particular to acquire race courses offers some solution to the problem but it is difficult to see just where the finance would come from to acquire these courses.

Clearly marketing and an aggressive management are important ingredients in a successful racecourse. Ladbrokes have had a resounding success in the management of the Grand National meeting and to a lesser extent from the ownership of Lingfield. Racing needs higher attendances and as such Saturday racing is the lifeblood of a number of courses. To attract bigger crowds the courses need to offer a higher standard of racing, which in effect means better prize money and more sponsorships.

Having said this it is noticeable that prize money, particularly in the smaller races, is rising, and the number of horse owners rose last year from 13,702 to 14,393 despite the substantial jump in running costs. What is more attendances were higher last year and if the current level of on course betting turnover—up 19 per cent so far this year—is any guide the trend is continuing.

But the racing scene does stand to gain from the growth of the betting shop industry, since the betting levy is assessed on the turnover of the business. Some £10m would have gone to racing in the year to March 1978, against a figure of under £3m 10 years ago.

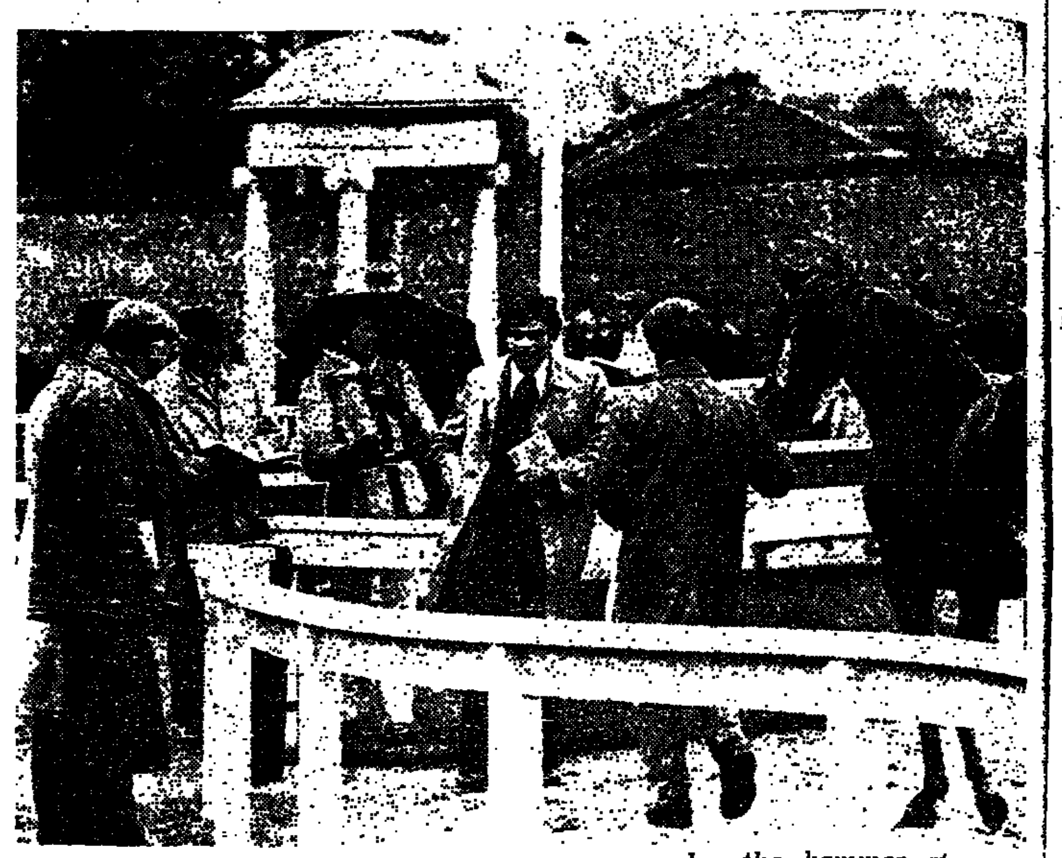
Betting shops were legalised following the 1960 Betting and Gaming Act and growth in the early years was dramatic hitting a peak of 15,782 shops in 1968. Rationalisation since then has been fairly extensive as the big four, Ladbrokes, Wm. Hill (part of the Sears Group), Corals and Mecca (Grand Met) built up their chains, closing the less viable units or merging two or more shops as they went along.

The big four now account for about 24 per cent of the total number of shops but since these tend to be better sited and larger than the average shop they attracted 35 per cent of the total betting turnover.

Further rationalisation is inevitable with rising costs making many of the smaller units uneconomical—there could be a reduction of between 500 and 600 a year. It is estimated that for a shop to be viable for a one-man operator (without the head office overheads of the majors) the weekly turnover figure should now be in the order of £2,500 to £3,000. For the majors of course the figure needs to be higher. Because of this cost factor the big four are now actively increasing the size of their shops.

Ladbrokes are rapidly expanding into the "super shops" class which have a floor space of over 2,500 sq ft. These shops offer more comfortable surroundings on top of a more efficient betting service. Many are the result of merging two or more shops in one catchment area. The success of these "super shops" (Ladbrokes now operates 50 of these) has been impressive; two shops in the King's Cross region, accounting for 10 per cent of the business in that area, were merged into a "super shop" which it is claimed now accounts for 70 per cent of the business.

The extra business generated by the move to these larger and better equipped shops has been considerably in excess of the rise in overheads so margins are getting a definite boost. Corals (which operates 600 shops) is also looking for bigger shops in the region of 2,000 sq ft. At the same time it is upgrading some 110 shops over the next 18 months. Both William Hill (about 960 shops) and Mecca (650) have recently carried out substantial renovations on their shops.



Choosing a potential winner. A horse comes under the hammer at one of the Newmarket Sales.

The majors therefore look set to capture an even greater slice of the betting turnover, which is currently rising at over 20 per cent: betting duty on off-course bookmakers (an indication of turnover levels) rose from £26.37m to £31.76 in the first five months of this year.

The threat of further increases in betting duty is always there. But while up to now there has not been any major resistance from the punter — the bookmakers pass on the duty to the punter—the Government must surely be aware that any further substantial rises would undoubtedly take its toll on turnover levels and possibly encourage more illegal betting.

Turnover is also vulnerable to bad weather — lost horse race meetings naturally reduces turnover—but greyhound racing does provide a useful cushion. The level of turnover on greyhound racing is much higher in London and the South East but overall it probably accounts for between 15 and 20 per cent of total turnover. By far the biggest slice of this business comes in the afternoon.

An afternoon and morning service is provided at three tracks. But since the tracks suffer from lower attendances by offering this service to the bookmakers they receive some form of subsidy by way of an annual fee from BAGS (Bookmakers Afternoon Greyhounds Service). In the current year the three tracks will receive £440,000 between them.

Conditions for operators of greyhound tracks have been tough for some time now, attendances have been falling, costs have been rising and a number have had to be sold to the property developer because they were no longer a viable proposition. Between 1951 and 1977 the number of tracks fell from 266 (68 of which raced under NGRC rules) to 155 (48 under NGRC) while the total annual attendance dropped from 21.2m to 6.5m.

The major problem for greyhound tracks is more or less the same as race courses in that they are under utilised. Money needs to be spent on the tracks to make them not only more attractive but to offer a better standard of racing. The image of the industry has not really been helped by the financial plight of the major operator—G.R.A. Property Trust. This public company which operates 12 stadiums nearly went into liquidation through the burden of its debts on the property interests but following the injection of some new management and a scheme of arrangement with its creditors the company is now pulling out of the wood. However, while the greyhound operations are reasonably profitable the company as yet is not really in the position to carry out any major expenditure programme.

Profitable

In the circumstances the recent involvement of other leisure companies in greyhound racing must be beneficial for the industry in the long term. Brent Walker operates the Hackney Stadium (which receives about £180,000 from BAGS), and bolstered by other supplementary activities the track is reasonably profitable.

The bookmakers have also moved into the field. Ladbrokes purchased seven greyhound stadiums for a total consideration of £1.8m while Coral paid £1½m for two large tracks. Both these companies are carrying out extensive renovations and last year the return on the original investment was about 15 to 18 per cent. Both companies would no doubt be looking for a better return in the future.

It is difficult to determine just what effect these groups are having on the industry with their extra financial muscle and aggressive marketing but last year attendances were 1.03 per cent higher with a growth of 4.2 per cent in the first six months.

David Wright

Gaming machines turn to video

THE LAST couple of years has been extremely favourable for the UK amusement machine industry. UK manufacturers continue to take a larger slice of the home market; the Royal Commission on Gambling estimated that some 95 per cent of machines were imported in 1961 but now 95 per cent are home manufactured. Moreover, new export markets are becoming increasingly available as more and more countries legalise these machines.

The big boost to the industry came from the 1968 Gaming Act. This legislation made it possible for many pubs and clubs throughout the country to instal gaming machines. While there was some initial resistance the legislation gave the industry respectability, and once it gained a strong foothold it has gone from strength to strength.

The current cost of a jackpot or amusement-with-prizes machine ranges from about £600 to £1,000, which means that very few of them are bought outright. Moreover, these machines are very fashionable and fashions often change. This is particularly so in the case of the new video games. Couple these factors with the cost of service and it is easy to see why some 90 per cent of jackpot machines in clubs and amusement-with-prizes machines in the pubs and cafes are supplied on a hire and maintenance basis.

The charges for hire and maintenance vary from about £6 to £25 per week, although in some cases they can be higher. Much depends on the type of machine and the likely use it is to encounter, bearing in mind the level of wear and tear. The Royal Commission on Gambling felt at first sight that these charges were excessive in that they provided for the full cost of the machine to be recovered in a period as short as six months.

The amusement machine trade association (BACTA), however, pointed out that the machines in places such as pubs and clubs are liable to break down in the evenings and over the weekend. This means that maintenance staff have to be employed over this period, which inevitably is reflected in the total wage cost. Moreover the machines are replaced regularly as they become outdated or just fall out of fashion. Disposable values of outdated machines will naturally be low, although it is possible to interchange some of the parts with new machines.

Networks

Two companies that have built up strong operating networks are Associated Leisure and Bell Fruit (part of the Cope Allman Group). Associated Leisure claims to be the largest operator of amusement machines in Europe. At the moment the company has about 25,000 machines out on hire. The success of the industry is clearly mirrored in the results of Associated Leisure. Profits in 1976-77 rose 25 per cent to £2.2m and for the year to March 1978 profits jumped 57 per cent to £3½m. AL will be looking to new products like the video games and pool to keep on a growth path; new machines sitings in 1977-78 rose by 6 per cent.

Bell Fruit is the largest manufacturer of amusement machines in the UK, accounting for about 50 per cent of the UK market, while worldwide it is second only to the U.S. giant Bally. Aside from its manufacturing interests Bell Fruit is a sizeable operator with about 13,000 machnes under its wing. The company is currently manufacturing about 25,000 machines a year, of which around one-fifth goes to its own operations, but capacity has just been increased by nearly 20 per cent. Exports remain an important market for Bell Fruit and last year accounted for 15 per cent of sales, and it is in this area that the company hopes to utilise the bulk of the extra capacity.

Growth in the industry depends heavily on a regular flow of new products, not only to maintain the public's interest but to keep it ahead of the standards of home entertainment equipment. The introduction of electronic equipment, which is phasing out mechanical operations, has helped to maintain the impetus in the industry. These new machines are far quicker to service, thereby improving the margins of the operators, while at the same time they offer more flexibility to the manufacturers.

The big craze at the moment is undoubtedly the video game. These games have developed rapidly over the past few years, but manufacturers have to be extremely careful or they are likely to get their fingers burnt. The video game is highly fashionable, tending to have an instant success rating but then peaking out very quickly. Manufacturers could easily be left with a number of obsolete machines, and it has become noticeable that many now, including the American companies who dominate the field, no longer build on spec. but instead produce to firm orders.

The industry, however, remains intensely competitive, and the coming of the microprocessor has meant that the machines being produced in America can easily be reproduced by the smaller manufacturers net of research and development costs.

The risks of these type of machines is just as high for the operators, although the larger operators do have the opportunity of moving the game from one site to another as it falls out of fashion, thereby safeguarding, to a certain extent, the return on the capital investment. Associated Leisure makes extensive tests to see just how acceptable each machine is, and only then will it make some move to market the machine.

The growth of the TV video games has naturally kept the video machine industry on its toes. The cost of these TV games has fallen dramatically since the early days and now comes within most household budgets. Leboff has made big inroads in this market through its production facilities in Hong Kong. Leboff points out that the high degree of technology is such that these games can now be changed just by inserting a new cartridge in the programmer.

While this rapid flow of new products is keeping the industry on a growth tack for the moment, the recommendation of the Royal Commission must surely boost confidence for the future. The industry was always fairly confident that the recommendations would not be too harsh since amusement machines are the life blood for a number of organisations such as sports clubs and working men's clubs. But outcome is probably a lot more favourable than most could have hoped for.

Some people felt that slot machines in public houses were not an acceptable feature, given that the houses were designed for meeting, drinking and talking. But the Commission came to the conclusion that, while one commissioner objected to their presence in pubs, the machines "had become an almost universally acceptable feature of the public house scene and that it would be impractical, even if it was desirable, to put the clock back." The major operators must have taken heart from this decision.

Monitoring or metering machines should not create too many problems since the operators already carry out a similar check on their machines. The recommendation that levels of payout and stakes should be reviewed tri-annually is bound to assist manufacturers on production schedules, although formulation on the design of machines would make them less flexible to changes of fashion.

Any easing of the regulations currently governing the number of machines permitted in certain areas would clearly raise demand in the UK. But for the moment, the strength of the UK industry gives it an ideal opportunity to capture a slice of a potentially explosive export market. In America, the states of New Jersey and Maine have recently relaxed their gaming laws, and it seems only a matter of time before other states follow suit. Meanwhile, in Europe, Holland, Austria and Spain have recently legalised the use of gaming machines, as have certain areas of Australia.

David Wright

هكذا من الأصل

The growth of casinos

"We are convinced that a [w]ell-managed, suitably located [ca]sino is an exceedingly profit[a]ble business — as profitable, [p]robably, as any other business [in] the country." Royal Commission on Gambling, July 1978.

[C]ASINO GAMBLING may be [ve]ry much a minority pastime [b]ut it is certainly a very profit[ab]le one. It is reckoned that [le]ss than 300,000 out of a [to]tal UK adult population of [..]m, frequent casinos regularly [t]he numbers are swelled by [an]other 100,000 or so foreigners) [y]et the return on capital em[pl]oyed in a London casino is [..]2 per cent (on some esti[m]ates).

Of all the major forms of [ga]mbling it has been the [ca]sinos, in particular the [L]ondon ones, which have seen [th]e fastest growth. Adjusted [fo]r inflation, the turnover of [of]f-course betting, bingo and [fo]otball pools have all been de[cl]ining; but not the casinos. [Th]roughout the 1970s the drop [(]money changed for gambling [ch]ips) has consistently out[st]ripped the increase in infla[ti]on. *Last year, for instance,* [th]e total drop rose by 43 per [ce]nt, of which 25 per cent repre[se]nted increased business and [..] per cent inflation. All this [is] the more surprising since the number of casinos has shrunk from over 1,000 to 125 over the past decade, and roughly 80 per cent of the business is now concentrated in just 25 London clubs. These have benefited tremendously from the influx of wealthy foreign visitors, particularly from the Middle East. London casinos alone are estimated to earn over £100m a year in foreign currency. By contrast, the provincial casinos have not participated in the boom, since they are much more reliant on local custom.

Some of the companies operating casinos have been having a financial bonanza. Ladbroke's casino profits are estimated to have quadrupled to £13m over two years, Coral Leisure virtually doubled its casino profits to £[..]m last year and the Playboy Club has seen its profits jump from £3.3m to £12.6m between 1975 and 1977. The latter, in particular, has probably benefited most from the casino boom since the profits of its UK operation cover the losses in other parts of the Playboy Empire. In its last financial year Playboy Enterprises Inc. had a net income of $4.2m while its UK operation earned $10.9m net.

It is against this background that the casino industry is understandably worried by the recommendations of the recent Royal Commission on Gambling. The Commission has gone through the books of the leading casino operators and come up with the not very surprising conclusion that casinos are a very profitable business to be in. It did its sums and estimated that the return on capital employed for all casinos was 172 per cent and for London casinos the figure is 432 per cent. The British Casino Association does not agree with these figures and reckons that the return on capital of the London casinos is not 432 per cent but 81 per cent. Even so this is still very high.

The Commission also estimated that the average punter in a casino payed virtually no tax on his stakes whereas the tax on off-course betting is 7½ per cent. So one of the main aims of the recommendations is to put the casino gambler on a par, in terms of taxation, with the average punter. The Commission's proposals are two-pronged. First, it recommends that the existing licence duty of £5¼m (normally £22,500 per table) should be increased eightfold. This should increase the Government's tax-take by £50m or so and the casinos could recoup the bulk of this by levying a maximum 7½ per cent "general betting duty" on money exchanged for chips. Second, the Commission recommended that big casinos, with a drop of over £10m, should pay an additional casino levy of 3 per cent to cream-off some of their excess profits.

What happens to casino profits if these proposals are implemented is anybody's guess. For what it is worth the Royal Commission assumed a 25 per cent decline in the "drop" if the 7½ per cent "general betting duty" was introduced and estimated that the profits of the London casinos would be cut from £42.1m to £10.1m. A few stockbrokers have been doing a few sums and their conclusions reflect the very great uncertainty engendered by the Commission's recommendations. Simon and Coates, for example, estimates on the assumption that the proposals are fully implemented and "drop" declines by 25 per cent that the casino profits of Ladbroke and Coral could be reduced by between £9m and £10m. To put these figures in perspective, in their last financial years Ladbroke and Coral's total pre-tax profits were £24.3m and £18.5m respectively. In addition Simon and Coates suggests that some London casinos might even close. By contrast, Vickers da Costa reckons that while the proposals could lead to a 50 per cent reduction in Ladbroke's 1979 casino profits, for instance, the provincial casinos should benefit.

CASINOS

	No. of clubs	Drop* London £m	Drop* Provinces £m	Total £m	% increase
1972-73	128	n.a.	n.a.	225	—
1973-74	126	n.a.	n.a.	297	32
1974-75	126	253	98	351	18
1975-76	121	359	118	477	36
1976-77	125	538	142	680	43

* Money exchanged for gambling chips.
Source: Gaming Board.

THE GAMES

	Per cent of total drop	Edge† %	Frequency of play minutes
American Roulette ...	54	1.4–2.7	0.75
Blackjack ...	17	At least 0.6	2–3
Punto Banco ...	16	1.25	2–3
French Roulette ...	8	1.4–2.7	1.5–3
Craps ...	3	1.4–5.6	1.5–2
Baccarat ...	2	0.9–1.5	2–3

† Margin by which odds are set in favour of the house.
Source: Royal Commission on Gambling.

A gambling table at Crockford's.

Taxes

Aside from the problem of estimating what happens to the "drop" (some estimates suggest that the proposed new betting duty could lead to a 50-60 per cent fall) the key question is whether the main recommendations will be implemented. This is far from certain but the authorities will not have overlooked the proposed revenue raising possibilities.

While the industry concedes that there is obviously a case for paying higher taxes to the Revenue they point out that the Commission has focussed on a period of exceptionally high profitability. Civil war in the Lebanon has driven many Middle Eastern punters to Europe and the Mayfair casinos were their first port of call but the business tends to be volatile. If a few high rollers switch their favours from the West End clubs to Monte Carlo, for instance, the impact on profits can be quite material. For what it is worth the industry reckons that the boom in the West end casinos has reached a plateau and profits growth from here on will be nowhere near as dramatic.

The industry fears that the imposition of a 7½ per cent casino general betting industry could drive punters overseas where they do not have to pay for the privilege of losing their money. Ladbroke's Cyril Stein reckons that a fair compromise would be to double the existing annual casino tax from £5.5m to £11m, say.

Apart from the tax increase that the industry feels is grossly unfair the main comment is that the recommendations will not be enforceable. In their evidence to the Royal Commission HM Customs and Excise explained that they would have liked to have a duty on stakes in line with general betting duty, but felt that the continuous rapid transfer and reinvestment of stakes in casino games made such a duty impossible to control in an adequate and economic manner. In short it was impracticable.

The Royal Commission has tried to get round this problem by putting the responsibility for collecting the extra tax on the casinos themselves. The Government increases its tax take by increasing the table tax eightfold and the casinos can either seek to recoup it by levying a 7½ per cent general betting duty or pay part or all of it themselves. It is up to them. As it is the system proposed appears to penalise those clubs with a lot of tables and a relatively low turnover. The casino operators believe that if implemented it could lead to an upsurge in illegal gambling and could lead to thriving black markets in gambling chips inside the casinos which it would be hard to police.

Not all the Royal Commission's proposals are detrimental to the casinos although one *might be forgiven for thinking* so given the industry outcry which greeted the report. It recommends that the number of fruit machines per club should be increased and the rules for roulette changed which should improve the financial returns to the casinos. All this is good news especially for the smaller provincial casinos which Lord Rothschild believes will benefit financially from implementation of the proposals. More important, however, the Royal Comission came down firmly in favour of letting UK companies operate overseas. It recommended that the British Gaming Board "should not continue to operate the present blanket prohibition." In the long run this may well be remembered as the most significant recommendation since it opens up huge new areas of business.

William Hall

Pools retain their popularity

[TH]E POOLS is far and away the [mo]st popular form of gambling [in] Britain, even though it is the [lea]st lucrative. Only 30 per cent [of] the money staked on the pools [is] returned as winnings, com[pa]red with percentages of 70 [pe]r cent for slot machines, 81 [pe]r cent for betting shops and [9]5 per cent for casinos. [Ne]vertheless, despite the odds [sta]cked against them, well over [a t]hird of the adult population [bet] in the pools every week [du]ring the football season.

Perhaps the biggest attraction [of] the pools is the prospect of [th]e big win. Littlewoods, for [ex]ample, had paid out 24 prizes [of] £500,000 or more up to the [en]d of February, 1978. But to [pu]t this prospect in perspec[tiv]e a punter who stakes 50p [on] Littlewood's treble chance [pro]bably has a one in 2,794,800 [ch]ance of winning a £250,000 [fir]st dividend. With Vernons' [an]d Zetters' treble chance pools [th]e chances of a large win are [pro]bably even smaller than on [Lit]tlewoods', while the chance [of] a more modest dividend, say [£1]0,000 is greater. However, [ev]en though there are very [lon]g odds against winning big [su]ms (there is a voluntary [ma]ximum of £500,000 at [pre]sent), it is relatively cheap [to] participate — the commonest [sta]ke being 22½p. Littlewoods [off]er two "goes" a penny, [Ve]rnons eight and Zetters 25.

The pools business grew fairly [fas]t in the early 1970s. Between [19]69 and 1974 the total value [of] money staked on the pools [ro]ughly doubled, although in[fla]tion rose by only 50 per cent [or] so, implying a real rate of [inc]rease of 50 per cent. How[eve]r, in 1974 the Government [inc]reased the pool betting duty [fro]m 33⅓ to 40 per cent and this [led] to a sharp slowdown. Since [197]4 the value of stakes has [ris]en by 27 per cent, while [pri]ces have risen by around two-[thi]rds, which means that in real [ter]ms the volume of business [has] fallen by around 40 per [cen]t.

[E]arlier Royal Commissions on [Ga]mbling have looked with dis[fav]our on the pools since they [bel]ieved that they introduced [yo]ungsters to the evil betting [hab]it. However, the latest Royal [Co]mmission took a much more relaxed view and concluded that they were "not only popular but widely accepted as a harmless activity." In addition the the Commission found "no evidence of inefficiency in the running of the business nor suggestions that profits were exceptionally high."

Since the last Royal Commission reported the number of companies involved in running the industry has contacted substantially. In early 1948, 231 companies were involved; this had contracted to 42 by 1950, with Littlewoods controlling 50 per cent of the market, Vernons 25 per cent and Shermans 12 per cent. Since then Littlewoods has taken over Shermans, taking its market share up to 66.9 per cent. Vernons has stayed independent although it was very nearly taken over by Ladbrokes in 1975 for £17m, and its share of the market has remained virtually unchanged at 24.8 per cent. The dominance of these two companies has meant that smaller firms have been squeezed out of business because they could not afford as big prizes and were unable to achieve the same economies of scale. With the big rise in postal charges, for instance, Littlewoods and Vernons switched over to using individual collectors for almost 90 per cent of their coupons. The small companies have not been as successful in recruiting collectors (because they can earn more from the big pool companies) and rely much more heavily on the postal system.

As a result there has been an inevitable rationalisation of the smaller companies and over the last couple of years Zetters has taken over Copes and Empire Pools.

If anything Zetters seems to benefit most among the pools companies from the recent Royal Commission's recommendations, since the suggested limit of £500,000 on prize money is way above the maximum £70,000 Zetters has paid out so far and the 2½ per cent limit on profits for companies with turnover of more than £35m will only affect Littlewoods and Vernons, since Zetters' annual turnover is nearer £15m.

Although the Royal Commission generally looked with favour on the pools, it did conclude that the "football industry involves little risk. Competition from outside has been excluded and the industry is cossetted by a fortuitous mixture of legislation and historical accident." Although it accepted that the industry was efficient and had cut its workforce from 23,000 to 11,000 over the last two decades, it still reckoned that the profits of the big two were on the high side. It calculated, with the help of the companies, that their return on net capital employed was 62 and 77 per cent respectively on a historic cost basis in 1976-77. However, it argued that because the first company held a lot of surplus cash (for reasons of "political uncertainty") its true rate of return was not 62 per cent but 132 per cent.

As a percentage of stakes the profits are around 3 per cent, which does not look particularly excessive compared with the returns on capital. The Royal Commission, however, felt that because the pool companies have an effective national franchise, since it is virtually impossible for newcomers to enter the business, their profits should be limited to 2.5 per cent of stakes.

The other worry for the pools companies is the impact the proposed national lottery will have on their business. This will be able to offer a proposed maximum prize of up to £500,000 which could well siphon off some of the money now going into the pools. The Royal Commission reckons that it will only lead to a reduction of around 13 per cent in pools turnover and Littlewoods and Vernons will still be able to earn returns on capital of over 40 per cent.

William Hall

THE POOLS

	Total stakes (£m)	% increase on previous season	Total tax (£m)	Dividends for each £1 staked (p)
1969-70	97.6	+ 3.5	32.5	35.0
1970-71	127.8	+ 29.0	41.9	35.3
1971-72	168.9	+ 34.3	56.3	38.2
1972-73	187.2	+ 10.8	62.4	38.2
1973-74	194.3	+ 3.8	68.2	35.5
1974-75	209.4	+ 7.8	83.7	29.7
1975-76	228.1	+ 8.9	91.2	28.6
1976-77	247.4	+ 8.5	98.9	28.8

Source: Pools Promoters Association.

WEEKLY FREQUENCY OF DIVIDENDS 1976/77

	Littlewoods	Vernons	Zetters
First dividend:			
Less than £1,000 ...	9	14	22
£1,000-£5,000 ...	8	12	14
£5,000-£20,000 ...	8	8	12
£20,000-£100,000 ...	13	15	4
Over £100,000 ...	14	3	0
Second dividend:			
Less than £100 ...	16	19	34
£100 to £1,000 ...	12	19	13
Over £1,000 ...	24	7	4

Source: Royal Commission on Gambling.

Theme parks gather momentum

FEW PEOPLE emerge from either of the Disney complexes in California or Florida with their views of day-trip entertainment unchanged. Disney has carried to the current ultimate, development of that latter-day leisure animal, the theme park. Most people contemplating an investment in any similar field at some time make their pilgrimage to these Meccas of mass entertainment, admiring the crowd control, enjoying the rides, and envying the resources that can put $700m into Disney World at Orlando alone.

Theme parks are the things which took over from fairs, zoos and the seaside, although they can be any of these things or a combination of them. The name comes from the fact that most of them have a theme—be it animals, some form of entertainment (Trident at one time planned a Wonderful World of Television park), or fun fair attractions. Stately homes are classic theme parks, as are the numerous rural museums currently opening up and down Britain. There are some who would say that London has become the biggest theme park in the world, Disney's operations not excluded.

However, theme park investment is no simple matter and its complexities and size have been sufficient to deter more companies than Trident over recent years. Grand Metropolitan subsidiary Mecca backed away from its £100m Merrie England project and Trust Houses Forte has not persisted with its London plans.

It is perhaps the wealth of the UK in such properties as Woburn and Beaulieu that has made it difficult for many to consider theme park development from scratch. The competition is so strong as to demand a sizeable initial investment—the cost of creating a Longleat from a green field might be thought prohibitive. The major developments have, of course, been the seaside amusement parks and the zoos.

To understand the difference between a theme park and other forms of attraction is to grasp the reason for the substantial investment involved — and realise that considerable returns are possible. A theme park must be considered to be the type of attraction which is going to bring family groups out of their houses or holiday accommodation for the day, and not just be part of that day's general activities. An out of London passing attraction might be lucky to woo £1 each out of its visitors, in the form of the entrance fee, a cup of tea and perhaps a small souvenir. A whole day destination would be looking for several times this figure but must still leave the visitors feeling they have had good value. Bad reputations in this field travel fast. Lord Montagu at Beaulieu and the Bedfords at Woburn have shown themselves to be particularly skilled in continually widening the range of attractions and in managing the cost/expectation ratio in such a way as to keep the customers happy.

Difficult

The second disadvantage for anyone considering theme park development in the UK is the shortness of the season. Even Disney has conceded that it would be difficult to run anything like its World and Land operations in northern Europe because a four- or five-month summer season is simply too short. In the UK so much of the facility has to be indoors or at least under cover, as indeed it is at many stately homes. Disney can get more than $20 from each visitor but still needs a near year round season to make the handsome profit it does. Not many European theme parks could aspire to a £10-a-day spend and certainly not the £20 a day which might be needed to sustain a Disneyland in the climate of Suffolk or Holland.

This view of the short season has been challenged. Earlier this year Mr. James R. Thomson of Economics Research Associated spoke at a European Travel Commission seminar in Zurich and made it sound as if the Europeans had been a little slow in this field. He told the seminar of the Marriott Corporation's theme park project developed from scratch on a site with one of the coldest winters in the U.S.—Chicago. Marriott, with ERA as consultants, developed a park with a May-October season. "When Marriott's Great America Park opened in 1976 in the Chicago area it was a smashing success. The first season drew more than 1m persons and the second season of 1977 drew almost 3m, making it one of the largest draws of any park excluding Disney" (which gets 11m-plus to each of its two parks).

The success of the Chicago project must be acknowledged and also such exercises as the Six Flags centre at St. Louis in Missouri. However, these inland American states may have harsh winters but they also have pretty reliable warm and dry summers.

What has happened on this side of the Atlantic is that European investment has tended to go into "midways," another American expression which translates from the old fairground days to more modern circumstances in the form of attractions which tend to lure the passing trade rather than form a prime trip reason in themselves. Harrods, the Tower of London and Madame Tussauds are all London midways, normally not sufficient to draw visitors from long distances in themselves but a considerable attraction once they are here. A recent classic midway development was the opening of EMI's London Experience on the old J. Lyons Coventry Street Corner House site near London's Piccadilly Circus.

Again the investment can be relatively high—one of the old basic tenets of the game is that your investment must increase in indirect proportion to the size of your site—with an unwillingness to spend money a major cause of failure. It takes a degree of courage to do what Lord Delfont did when he saw a preview of his London Experience, decide it was not good enough and put the whole thing off for a few weeks thus missing a vital part of the sales season.

But investment can produce impressive results. Madame Tussauds (the FT declares a current interest but this story concerns a period long before that association) was faced in the early 1960s with an attack of middle aged spread. The show was attracting capacity crowds—so great that faintings were frequent — but there seemed little way of increasing attendance or revenue. Quite apart from the improvement in attractions and the up-dating of models, Tussauds carried out two basic changes. It installed a lift system that took people to the top of the building and allowed them to filter down through it on the basis that people coming down stairs grow less tired and bad tempered than those who climb up them. It also installed air conditioning. In cooler, fresher conditions, visitors to Tussauds were more willing to stand closer together—and attendance and revenue, were increased at a stroke.

Further development of sophisticated midways and even of theme parks is likely to depend on the view taken by investors of future prosperity. Had the oil crisis and economic downturn not come then Britain would probably have at least two or three greenfield theme projects by now, not perhaps in the Disney league but certainly in the £10m bracket. A couple of years of growth and a measure of confidence in the future would tip the scales again and bring the plans back down from the shelves. High on my list of likely ones would be the film studios to the north and west of London (Rank recently opened Pinewood for a charity day and was surprised by the crowds it produced) and some renewed interest in the Battersea Park site which so enthused Sir Charles Forte a couple of years ago.

Trident might yet be interested in theme parks, since that company's involvement in animals has caused it some irritation over the past year or so it might appreciate something inanimate. The day of the British Disney is, however, a very long way off.

A. S.

Doing it yourself

THE DO-IT-YOURSELF home improvement market has been one of the major success stories in the leisure industry. Growth over the past 15 years or so has been dramatic, and spending in the current year should comfortably exceed £1bn, while it is estimated that the total by 1980 would have topped £1½bn.

Most analysts, however, anticipated the spending level to break the £1bn mark a couple of years ago, but the hot summer of 1976 followed by the severe erosion in spending powers upset these projections. But, there was a noticeable improvement in the latter months of 1977, and trading conditions in 1978 are certainly more attractive.

The year kicked off with lower mortgage rates. On top of this the building societies were flush with funds, while there has been a steady revival in the level of consumer spending. There are a number of reasons behind the rapid growth seen in the do-it-yourself home improvement market. The steady rise in the level of home ownership has been a significant factor since it is estimated that owner occupiers spend up to six times more on home improvements than those in rented accommodation.

But probably the biggest boost to the DIY industry came via the abolition of resale price maintenance in 1965. This changed the consumers shopping patterns following the successful launch of the self service discount type of operation.

Retailing styles have changed appreciably, and while there are close on 30,000 retail outlets marketing some form of DIY products, it is the large specialist discount stores, that are making a real impact. The range of products offered by these larger units—15,000 sq ft and more is the size of some new openings—is more comprehensive and the pricing policy is certainly very competitive. It is estimated that there are around 2,500 of these supermarket type DIY stores, and they are reckoned to account for about a third of the market. By 1980 their market share could well have risen to around a half. A number of the smaller units are already being forced out of the business—Crown (Reed Group) is closing its retail chain.

Three companies that have become a force in this area are Homecharm (taking in the Texas Discount operation), A. G. Stanley (Fads Homecare) and Status Discount. All three have been steadily increasing the average selling area to meet the growing need for one stop home improvement centres.

In two years Status has increased its average selling area from 4,000 to nearer 8,500 sq ft by opening larger units and closing down the smaller less viable stores. Homecharm has shown a similar growth and its average is now about 7,000 sq ft and sites from about 20,000 to 30,000 are being sought. A. G. Stanley has also been actively upgrading with 15 stores being opened in 1977 (two of which were re-sites) while eight were closed.

The growth of these larger supermarket type operations has led to a fiercely competitive market. Own brands have become a significant factor in this type of trading concept. Margins in these products can be as much as twice the level obtained in brand names, while at the same time there are considerable savings for the consumer. The trend towards own brands has been particularly noticeable in paints and wallcovering and recently (on the back of the large units) kitchen furniture.

Status is almost 90 per cent dependent on own brand products, and the proportion is growing rapidly at Homecharm following a recent launch of a range of own brand kitchen furniture.

Faced with the threat of these successful DIY supermarkets, the builders merchants and those in the timber trade like Magnet Southern were forced to change their product mix to include more DIY lines. Moreover the supermarkets, especially Tesco and Asda, have moved into some of the faster selling lines.

The growth of own brands and the effects of the price cutting war has taken its toll on the major paint and wallpaper manufacturers. Margins have been eroded and few if any are making a profit. In an effort to restore margins the manufacturers stopped bonus deals on paint last year, while credit terms offered to retailers have become much tighter.

The position for the paint manufacturers has not been helped by the rather static market that has been apparent over the past four years; the retail market is about 86m litres against about 94m litres in 1973. But the problem has been more acute for the wallcovering industry. The total market last year was about 86m rolls compared with about 112m rolls in 1970. Much is being done to check this disastrous slide in sales. A Wallcovering Marketing Board has been formed, with representatives from the manufacturers, the DIY giants and the smaller retailers as well as the wholesalers. On the back of a substantial increase in advertising some recovery is anticipated short term.

Overall the decorative market (mainly paints and wallcoverings) is expected to top £400m by 1980 compared with a figure of £342m in 1977. But the major manufacturers still face a difficult time. However some of the smaller manufacturers, particularly those that have a strong connection in the own label field, such as Donald Macpherson and Leyland Paints, appear to have more going for them.

But the fastest growing area of the DIY market is the general improvement side and in particular kitchen furniture. This general improvement side represented about £620m of total expenditure in the DIY market, and by 1980 the figure is expected to reach £800m.

Certainly the kitchen furniture side has become the strong points of Status and Homecharm. In the first half of this year kitchen furniture accounted for about 65 per cent of sales at Status, compared with 40 per cent last year, while at Homecharm, which has a larger product range than Status, sales from this area were 27 per cent of total against 18 per cent in 1975.

Without doubt the retailers have become the driving force in the DIY market through their extra buying muscle and the growing policy of own brand products. Already Homecharm, A. G. Stanley and Status are well ahead in the current year.

First-half profits at Status were just under the total for the whole of 1977, while both Homecharm and Stanley were running about 40 per cent ahead in the early months. The early Easter had some effect here, and although the growth pattern has slowed slightly since then, both are on target for sizeable increases on the year. Elsewhere it has been apparent that the retail operations of Magnet and Southern has cushioned the shortfall being seen on the timber merchanting side.

D. W.

Bingo halls

IT IS RECKONED that some 35 per cent of the adult population enter the pools each week, 9 per cent bet on either the horses or dogs at least once a month and 4 per cent play bingo regularly. An estimated 4m people (85 per cent female) play bingo at least once a month and spend an average 88p per visit. Although there are slightly more bingo halls (1740) than cinemas, there are nearly eight times as many betting shops. These few figures help put the bingo business in perspective—it is not an industry that attracts the high rollers.

As one Home Secretary once put it: "It is a neighbourly game played for modest prizes." All along the authorities, and in particular the Gaming Board which is responsible for supervising the bingo halls, have been at pains to ensure that bingo is developed as an activity disassociated from hard gaming and heavy gambling.

Although there have been exceptions, bingo halls still give the appearance of being social clubs rather than gambling joints. The recent Royal Commission on Gambling was fulsome in its praise. "We think bingo clubs are popular and useful social institutions. They provide an agreeable pastime in a companionable setting to large numbers of people. They make profits which are reasonable and not excessive."

Bingo is no longer a growth industry: if anything it is slowly declining. The rapid growth in the number of commercial bingo clubs following the passage of the Betting and Gaming Act, 1960, was prompted by the decline in cinema attendances and the hope of putting the premises to more profitable use. According to the Royal Commission "a major element in the success of the clubs was that they catered for a genuine social need by providing places where people—mostly women and often lonely or elderly—could meet in a neighbourly way to enjoy an agreeable flutter." At the peak of the bingo boom in the late 1960s there were around 3,000 clubs but in recent years the numbers have been declining but seem to have reached a plateau of just over 1,700. Similarly, average daily attendances have settled down at just under half a million although during periods such as the long hot summer of 1976 the numbers temporarily fell off. It is estimated that over 90 per cent of the players are over 30.

Around a quarter of the clubs are owned by four main groups, EMI, Mecca (part of Grand Met), Ladbroke and Rank Organisation. Granada and Coral Leisure also have sizeable interests in the business which they have been expanding. While the industry has been regarded as something of a cinderella because of its stagnant growth and unglamorous image, most of the big groups have been taking steps to improve their profitability although for most of them bingo is not very significant in terms of total profits. Ladbroke probably earns no more than 7 per cent of its profits from bingo, while for Coral and Grand Met the contributions are probably of the order of 6 per cent and 4 per cent respectively.

The Mecca division of Grand Met, which recently took over Hull Cinemas plus its three bingo halls and is opening three new halls this year is forecasting a "significant increase" in its bingo profits in 1978. Similarly, Coral which made £1.2m out of bingo last year (it is one of the few to reveal its bingo profits) is also talking of a "significant increase" in 1978 profits from this area. EMI, which has the largest chain of bingo halls, reported lower bingo profits last year which it put down to the general decline in consumer spending. However, it is closing down several of its clubs and has made a "substantial investment" at seven of its clubs in London. The key to higher profits seems to be in larger units with improved facilities—a point echoed by Ladbroke's chairman, Cyril Stein, in his last annual report. Ladbroke has spent considerable amounts in recent years transforming its old bingo halls into self-contained leisure centres for adult members of the family offering a variety of games, bars, catering and retail sales in convivial well-appointed clubs.

Although the Royal Commission on Gambling generally gave bingo operators a clean bill of health it did complain that punters got poor value for money on prize bingo games which normally account for about 20 per cent of bingo hall revenues. Lord Rothschild and his team of non-gamblers recommended that this should be made more widely known. In addition, the Commission recommended that in no single game of cash bingo should the individual or aggregate prize exceed £1,000 (something bingo operators had been lobbying for). Finally the Commission recommended that the rules on the number of jackpot or amusement with prizes machines should be relaxed, and clubs should be allowed to play games such as dominoes and gin rummy. But on balance the Commission did little to foster what is at best a stagnant industry.

W. H.

LEADING BINGO CHAINS

	No. of clubs
EMI	150
Mecca	132
Ladbroke	76
Rank	68
Granada	30
Coral	30

BINGO CLUBS

	No.	Turnover £m	% change in real terms
1970	1,510	149.4	—
1971	1,672	165.5	+ 1.4
1972	1,782	184.3	+ 4.3
1973	1,813	211.1	+ 5.3
1974	1,820	236.2	− 4.2
1975	1,780	277.0	− 6.9
1976	1,775	299.2	− 8.5
1977	1,740	334.2	− 4.0

Source: Vickers, da Costa.

Italy's economy at the crossroads

By PAUL BETTS in Rome

HE NEXT few weeks are kely to be decisive for Italy. y the end of September the inority Christian Democrat overnment, whose survival epends on the direct support the Communists and the ountry's other main parties, ust win parliamentary pproval for its provisional udget for 1979. It will be no dinary budget since the budget rms part of a much broader edium term economic recovery rogramme which, according to ig. Filippo Maria Pandolfi, the reasury Minister, will determine whether Italy stays in urope or sinks even deeper ito the Mediterranean.

What will be at stake is the redibility of Sig. Giulio ndreotti's administration. Vhen the Government was worn in six months ago, the rime Minister undertook with ie other parties to formulate n economic and social programme to bring the country out f its recession. But then the avage kidnapping and murder f Sig. Aldo Moro, the former hristian Democrat leader, the esignation of Sig. Giovanni eone, the President of the epublic, on so far unsubstantiated charges of corruption, nd an important series of ical elections have brought overnment activity almost to a andstill.

The underlying social strains, owever, have continued to increase. Unemployment is rising. he official figures, according o which about 1.5m people re unemployed, only tell part f the story. More than 70 per ent of the unemployed are oung.

The state sector industries, ne of the main features of alian economic structure, are rippled by mounting financial osses and accumulated debts. n the South, the threat that everal plants will have to close threatens to widen even more the rift between the depressed *mezzogiorno* and the industrial North. The economic miracle, or, as the Italians call it, the boom of the 1960s, which transformed Italy from an agricultural-industrial country to an industrial-agricultural one, has burst like a sort of South Sea bubble, leaving the real productive base of the country stagnating, but having to support a constantly growing mass of consumption, both public and private.

Getting better

Between 1966 and 1968 the rate of growth of GDP averaged 6.4 per cent. It has since fallen to barely 3.3 per cent in 1976-78. Consumer prices, which rose by an annual average of 3.2 per cent in 1966-68 in the last three years averaged an annual rate of 16.9 per cent. Between the same two periods the annual increase of labour costs leaped from 8.46 per cent to 18.65 per cent, while the nominal growth of fixed investments has dropped from 20.6 per cent to 16.9 per cent.

Nevertheless, despite repeated political crises and constant disagreements not only between the Government, the *political parties, and the trade* unions, but also among cabinet ministers, one of Europe's sick economies now seems, superficially at least, to be getting better. For the first time in almost a decade, the balance of payments showed a sizeable surplus of some lire 2,000bn (about £1.2bn) last year and a substantially large surplus of lire 3,000bn is expected this year. The foreign reserves, now more than U.S.$9bn, have risen sharply. The lira, after the exchange rate crisis of two years ago, is stable *and inflation* appears to have settled at around 12.5 per cent.

This sharp improvement is the result of many factors. The monetary authorities have allowed the lira to slide but less slowly than the dollar. This has had obvious advantages for Italy, making imports of key raw materials like oil effectively cheaper while helping to boost exports to the European hard currency countries like West Germany. The marked reduction of the crude trade deficit has been further assisted by the recession which has lowered import demand and by record tourist receipts, which have had a dramatic effect on the invisibles account.

But in submitting his outline three-year (1979-81) economic recovery programme to the main political parties, Sig. Pandolfi, the Treasury Minister, warned last week of the instability of the present situation. In present circumstances and under growing pressure to stimulate growth, the country risks facing another payments crisis and a steep increase of the inflation rate which would inevitably be followed by a whole battery of new monetary restrictions. It is now necessary, the Minister said, to look much deeper and to take advantage of the favourable economic situation by putting into effect a medium-term programme to lay the basis for a sustained and stable level of growth during the coming years.

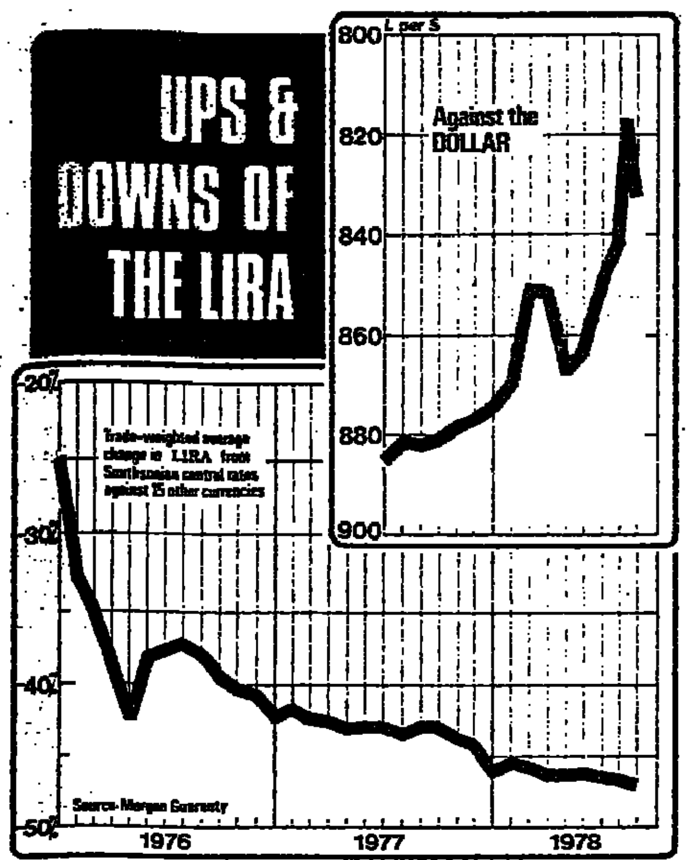
The purpose of the Government's *programme is to reduce* the inflation rate to about 10.5 per cent next year and to single figures during the following two years. Exports are to expand by an annual rate of 6.5 per cent during 1980 and 1981, and the rise of labour costs is to be limited by in*creasing productivity and con*taining wages to guarantee a sustained process of accumulation. Ultimately the Government hope to generate sufficient stable growth to create up to 600,000 new jobs, especially in the South.

Should these objectives be broadly achieved, the Government intends to revive the plan for changing the currency denomination as part of a wider reform of the country's public finances. A *lira pesante* or heavy lira would be introduced along French lines by a measure transforming the existing lire 1,000 note into one new lira.

The central feature of the Government's economic proposals is to control the ever-expanding public sector borrowing requirement and to contain rising labour costs, which are both at the core of the steady decline of the economy during the last decade. The figures speak eloquently enough. On current policies the public sector borrowing requirement totalling some L 21,700bn last year would be expected to rise this year and, L 33,530bn subsequently grow to as much as L 43,720bn in 1979, or the equivalent of 18.2 per cent of GDP.

The public sector borrowing requirement, which has grown over the years to meet the expanding deficits of local authorities and of state sector industrial conglomerates as well as the huge cost of a chaotic pension system, has been aptly described as an enormous octopus with insatiable tentacles. The pension system is just one example. Italy, as a result, has become the only country in Europe with as many as 70 pensioners *for every* 100 wage earners.

Next year, the Government proposes to hold the public



sector borrowing requirement to L 37,620 by introducing a series of so far unspecified fiscal *measures, greater controls on* tax evasion, and cuts of about L 2,500bn to pension and social welfare expenditure by increasing contributions and preventing the payment of pensions on top of earnings from employment. These measures, according to the Government, would permit the release of additional funds for *job-creating investments*, especially in the South, make possible the recovery of the construction sector through an ambitious public works programme, and help to support the financial reconstruction of large enterprises.

If the arithmetic of the programme seems straightforward enough, the political obstacles remain considerable. While the main political parties are now generally united on the broad issues to a degree which seems unreal for Italy, there is no such consensus about the specific details necessary to give the recovery programme its concrete shape. The problem with pensions is a case in point. Despite the acceptance in principle by all political forces that the system must be reformed, when the Government tried last year to introduce some modification it immediately faced a barrage of protest.

But the real test for Sig. Andreotti will come from the trade unions. The three-year recovery programme will depend in large measure on the ability of the Government to curb labour costs, which have risen on average three times as quickly as in other industrialised countries.

Although union leaderships are openly advocating a more realistic approach toward wages, there has so far been no such response from the shop floor. Over the next few weeks a whole series of negotiations for the renewal of major national labour contracts will begin. It will involve as many as 6m workers, including the members of the key engineering and metalworkers' union which has traditionally set the broad pattern of wages.

Sig. Andreotti is well aware of the dangers of a confrontation with the unions. He may at present enjoy the wide support of the main political parties, but if he were to clash with the labour movement it would place the Communists in an intolerable position.. The Communist Party, which is effectively maintaining the minority Government in office, has increasingly come under pressure *from its base, which is* disillusioned by the alliance with the Christian Democrats. Sig. Enrico Berlinguer, the Communist Secretary-General, already appears to have sharpened his claws. Recently, he warned the Government that his party was, if necessary, prepared to return in opposition.

The Government has decided not to raise, at this stage at least, the sacred cow of the *scala mobile*, the automatic index-linked mechanism of quarterly wage increases which has in large part forced labour costs up by 300 per cent in the past six years. In its outline programme, purposely sparse in specific details and abundant in broad guidelines, the Government says it intends to review the issue at the end of the first quarter of 1979. In so doing, Sig. Andreotti has left himself with considerable room to manoeuvre to win approval for the initial part of the three-year recovery plan before the deadline on September 30.

There are more than purely domestic considerations making it important for Sig. Andreotti to meet the deadline. Italy has already opened negotiations with the International Monetary Fund for a new standby facility of $US1bn. Similar negotiations are also under way with the European Economic Community for a new credit facility. Although Italy is in no immediate need of international support, it is anxious to secure the new facilities to protect itself from the possible inflationary repercussions of higher growth.

The IMF in particular is calling for a reduction of the rate of inflation, including changes to wage indexing, and better control over public expenditure. In July, an IMF review team led *by Mr. Alan Whittome, the* fund's European director, visited Italy and is said to have been impressed by the Government's efforts to try at last to get to grips with the underlying *structural* weaknesses of the economy. An IMF team is scheduled to return next month. This time round, the IMF, is understood to be reluctant to approve formally a new facility until Sig. Andreotti's programme takes concrete shape and gains parliamentary approval.

Letters to the Editor

Pay and productivity

From Mr. F. R. Williams.

Sir,—I have read with interest Mr. Hallam's letter of August 30 and I wish I could also believe the honesty of the so-called self-financing productivity deals. Only today (August 31), for example, the last quarter's figures for the coal industry have been published, revealing a 1 per cent reduction in production over the same period, last year, and I would wager £10 to a penny that the cost of total wages is considerably above the 10 per cent norm despite this. When will we stop deceiving ourselves by ignoring the real factors behind over-manning and low productivity.

Payment by results schemes date from the 1880s, and by 1939, by the wide application of time and motion study and firm management, our UK industries were up with the world leaders for efficiency, and our standard of living was the highest in Europe. After the war, and the Attlee cry "We are the masters now," successive governments have given way to industrial blackmail, we find ourselves the poor relations in an association of 300m consumers, and, without the temporary windfall of North Sea oil and gas, a bankrupt nation. This could be so easily reversed by the restoration of proper incentives for effort and efficiency.

There is a considerable number of private-sector companies, mostly small and certainly not nationalised, who operate efficient payment by results schemes. How can these workers benefit. Are the so-called self-financing deals only to apply to those workers now at 50 per cent efficiency who are prepared to go to 80 per cent ignoring those already at 100 per cent?

Mr. Halam also touches upon the recent Engineering Employers Federation—National Minimum Earnings agreement.

A study of this agreement reveals that it is the final nail in the coffin of productive efficiency.

It finally erodes the differentials between skilled and unskilled, and whether or not the Employers Federation can believe or understand the extent to which they have been led by the nose by the unions, the incentive schemes in most companies are destroyed. The provisions of the agreement mean that those unable or unwilling to earn bonus by efficiency and high productivity under normal PBR schemes will nevertheless receive practically the same money as their hard-working brethren, male and female.

It is the avowed object of some major trade unions to abolish all competitive rewards, and it seems to me that they have achieved their objective.

The only hope for us to benefit by the enormous markets now open to us is to restore proper differentials between skilled and unskilled manual workers, and to promote meaningful and not phoney payment by results schemes based upon the simple well understood principles of workstudy. And on the management front a reduction to acceptable levels of taxation and on the investment scene a removal of the vicious levels of taxation on income from invested savings.

F. R. Williams.
White Ladies,
Old Woking Road,
Woking, Surrey.

Real cost of farm land

From Mr. J. P. Pickering.

Sir,—Ever since we joined the EEC and thus virtually abandoned the world market for food the price of agricultural produce has risen at an ever increasing pace. This has given farmers more confidence in the future of their industry. Acting upon this they have been willing to pay ever increasing prices and rents for farm land. Having thus made a stick with which to beat their own backs they look for a whipping boy, the consumer is chosen as the victim.

Although I live close to the grass roots as Mr. Rosen has indicated (September 2) I still keep my head high enough to see clearly what is going on about me. No one appreciates more clearly than I do the distinction between landowners and tenant farmers and all my sympathies lie with the latter. Under an Agricultural Act a three yearly review of farm rents is the order *of the day, in this context review* is merely a euphemism for a rise in rent. Many tenant farmers are thus being squeezed between paying higher rents or abandoning the only industry in which they are competent to operate. In order to escape this triennial dilemma they either join the rat race of farm prices or join *the general cry for higher prices,* usually both. No other industry would tolerate three yearly rent rises.

There is no doubt that the NFU has considerable political muscle. It is high time that they exerted some of this muscle to the benefit of tenant farmer and consumer alike by taking steps to end this triennial turn of the screw. It would appear however that NFU policy is dictated by the very prosperous members who frequent their headquarters in London. Most of these people are themselves very substantial landowners and have a vested interest in higher rents or further appreciation in their capital.

Mr. Rosen makes the extraordinary statement that the tenant seeks a fair return upon his investment "which does not of course include the value of the land on which he operates." I am afraid that I cannot follow this at all for if the rent does not represent the value of the land words have lost their meaning and if an annual rent is not part of the tenant's investment what is it? I myself am so old fashioned that I believe that every outgoing in my business is part of my investment in that business, it all comes from the same pocket, hopefully some to return and, alas, some to be lost forever.

J. P. Pickering.
Orchard Place,
Hexham, Northumberland.

Overtime and working time

From Mr. F. M. M. Steiner

Sir,—Relief at the cancellation of next week's strikes on the London Underground should be tempered by thinking out the wider implications of the settlement. The Union have forced London Transport and its political masters, the GLC, to abandon plans for cutting services—which may or may not be a good thing; to drop plans for making economies and above all to drop plans for reduced overtime and rest day working. The last two are clearly not such a good thing, quite apart from having been forced on the management by the threat of strikes, which would have been at the expense of the innocent third party.

For over two years now the official trade union movement has been clamouring for shorter working hours, largely as a means to reduce unemployment. Shorter hours, rather than fewer hours on standard pay and more at overtime rates, were called for; and overtime was to be reduced or eliminated as the prime *means for work sharing.* It is now clear that the rank and file do not want shorter hours on these terms. Not so long ago there was a strike at the London Eastern postal district office expressly against the recruitment of additional labour; which made it fairly clear that the work sharing philosophy was not approved of by the wider Union membership. The much larger industrial action now threatened on the London tube underlines this forcefully.

The official campaign for a 35 hour week as a means to combat unemployment, at both national and EEC level, must therefore be seen as the non-starter that, perhaps unfortunately, it now clearly is. As it is, it suffers from the dilemma that if you cut hours while maintaining pay levels, and without a corresponding increase in productivity, *there is a highly inflationary rise* in wage costs. Cutting pay in line with hours is politically impossible. But if you increase productivity so as to absorb the higher costs, there will be no creation of extra employment.

The ultimate solution to these contradictions can probably be found only by extending the time *of the national working week* so as to spread it, if not over seven days, at least over the six weekdays. Once the idea of work on any weekday being "rest day working." disappears, we shall at least be spared objections to it being cut out! The example of retail trade over the last twenty years, and of the bakery industry during the last few months, shows that it can be done. You combine a five day or four and a half day week for the labour force with a six day operating week, and in doing so, both shorten hours, keep the place going so as to satisfy the customer, and provide considerable extra employment. Measures of this kind for all industries and services should now be studied urgently.

F. M. M. Steiner.
Reform Club, SW1.

Businessmen's air travel

From the Executive Director, Oceanair Travel

Sir,—It looks as though once more the business traveller is expected to foot the bill for the new ultra-low transatlantic fares.

How can the *scheduled* airlines possibly justify a 5 per cent increase in their normal transatlantic fares when they are falling over themselves to slash promotional fares on the same routes?

Business travellers are their bread and butter, with them through all the ups and downs of the tourist market, and it is time they recognise this and find a structure fair to all their customers, instead of subsidising one section of the market at the expense of another.

As an exclusively business travel agency, we intend pressurising the "Big Three" to this effect and would welcome support for our campaign.

Colin P. Boyce.
Oceanair House,
133-137 Whitechapel High Street, E1.

Affiliations of trade unionists

From the Chairman of the Conservative Trade Unionists

Sir,—Your headline today "TUC stays loyal to Callaghan" must be one of the most misleading in the history of journalism. What you were in fact saying was that the delegates to the TUC representing under 50 per cent of the TUC membership (that is the delegates of the minority that are affiliated to the Labour Party), were likely to vote for a trumped-up motion intended to persuade the public that trade unionists support the Labour Party.

The TUC is not however the 1,170 delegates, but the 12m members and for Trade Union leaders to cast their members votes at a conference in Brighton for one political party is patently absurd. Those 12m votes will be cast individually and in secret on polling day and many millions of them will go to Conservative candidates.

Trade unionists will be voting for the party that in 16 years increased their standard of living by 60 per cent which increased jobs in its last period of government by 23,000 a month and which dramatically lowered personal tax. That party is the Tory party. The Labour Party that some trade union leaders un*believably still support, raised* the standard of living in their 16 years by just 6 per cent, increased the number of jobless to 1½m and average family tax from £389 a year to £960.

Fred Hardman.
32, Smith Square, SW1.

Unpopularity at Gatwick

From the Managing Director, Furness-Houlder (Commercial Services)

Sir,—I was interested in Mr. Ripley's letter (September 1) and even though I personally, will be an environmental sufferer as a result of the increase in Gatwick activity, nevertheless I consider an attempt to control the chaos at the Heathrow slum is worthy of support.

I am however at a loss to understand why Mr. Ripley does not:

(a) Press for the rapid completion of the Heathrow/Reigate part of the M25, which will afford speedy communication from both the M3 and M4 to Gatwick.

(b) Call for increasing development of Bristol, Cardiff and other provincial airfields—it is surely up to Mr. Ripley to support his local facilities if they are to survive.

Finally, surely the Great British Public now realises the ground hazards associated with holidays by air involving children — not until *this lesson* is learned will strikes decrease.

R. H. Nye.
52, Leadenhall Street, E.C.3.

Trading with the Japanese

From the Managing Director, Newman-Howells Associates

Sir,—I am sure that the statistics presented by Mr. Edwards (August 31) in which he refers to the trade deficits with Japan and the five industrial countries, are correct. However, I cannot see that there is anything favourable in being able to show that Britain's deficit in the imbalance of trade has been less seriously affected than that of the other four. The fact that either West Germany or France has worsened its position is no real yardstick for the independent effort that the UK needs to make in order to correct its imbalance. In many ways, France, West Germany and the Netherlands suffer a natural disadvantage in dealing with Japan simply because the Japanese are more familiar with the English language than any other. The presence of Japanese businessmen in Rotterdam, Dusseldorf and Paris, all operating from "business ghettos." might suggest that all companies in Tokyo and Osaka are equally conversant with Western commercial practices. This is not necessarily the case because those operating in Europe are selling and have familiarised themselves with local communications problems. The smaller corporate units in Japan to whom the Westerner wishes to sell are the potential purchasers who are ingrained with their domestic traditions of marketing and distribution—with such people the communications barrier is difficult. More so for the French, German and Dutch than the English.

As far as the American performance is concerned surely the situation is somewhat different. In the first place the U.S. was the dominant post war force in Japan and superimposed upon it a veneer of business practice and trading activity for which the Japanese have cause to be both thankful and regretful. Any loosening of the U.S. influ*ence in Japan is something to* which many Japanese would subscribe and, thus, this will reveal itself in a gradual percentage decline in trading by Japan as an importer of U.S. products. Anyway, I do not think that even this is significant if only because Japan is spreading its own exports over a wider geographical area and this will inevitably open up more opportunities for other nations to export back to Japan in pursuit of correcting *their* imbalances. This can only cause something of an eventual dilution of everyone's share of the Japanese market because it is only of a finite size, whether or not it is expanding or contracting according to its current economic condition.

Mr. Edwards's broad concern for action is accepted. It is a pity, however, that Mr. Miyoshi's letter did not stimulate a greater response to the question of Japan's attitude to the criticisms levelled, often unfairly, against it. But to return to another matter, I am intrigued to learn of the existence of a large body of expatriate British businessmen working in Japan and Osaka. I assume that Mr. Edwards is referring to a number of individuals each of whom is working for separate companies and not as a collective corporate body. If the former is the case then I can see merit in it in the same way that the Japanese have taken up similar positions in European markets to achieve their marketing objectives. Can a comparison be made from these respective measures? Has the Japanese proven more effective in his expatriate role?

Frankly, a call for co-operative action to achieve our objectives as suggested by Mr. Edwards is more than justified but I feel that before that call is made to the Japanese it first ought to be voiced amongst ourselves in the UK. It is the company that cannot afford or justify a base in Japan that requires to be educated to what it has to do and to what it can expect from its efforts to market in Japan. Unless this happens there can be no basis for entertaining any form of co-operation with Japanese companies, we will simply be in no condition to comprehend or interpret the signs effectively enough to do business with them.

John M. Newman.
Wolvesey Palace,
Winchester, Hants.

Jobs for the productive

From Mr. J. Spencer

Sir,—Your editorial (September 1) is indeed muffling the jobs debate. It simply proves that a very few large producing nations (like Japan) can produce enough to satisfy global demand. This must leave a lot of unemployment somewhere.

J. Spencer.
Foxbarro House, Langton, Weymouth, Dorset.

Today's Events

GENERAL

UK balance of payments (2nd quarter).

EEC Monetary Committee meeting in Brussels.

TUC annual conference continues, Brighton (until September 8).

Mrs. Margaret Thatcher, Conservative Party leader, starts tour of key seats in West Midlands.

Trade Union Committee for a Labour Victory meet Mr. Norman Atkinson, Labour Party treasurer, and Mr. Ron Hayward, general secretary, and is expected to declare its degree of financial support.

Mr. Takeo Fukuda, Japanese Prime Minister, now in Tehran, holds talks with Shah of Iran.

Mr. Nobuhiko Ushiba, Japanese External Affairs Minister, begins three-day talks in Washington on trade problems connected with multilateral trade negotiations.

International Monetary Fund monthly gold auction, Washington.

French Budget proposals for 1979 and announcement of measures to absorb unemployment.

Prince of Wales visits International Air Show, Farnborough.

Mr. David Ennals, Social Services Secretary, speaks at meeting of Peterborough Labour Party.

BBC Television announces its plans for children's programmes.

OFFICIAL STATISTICS

Construction output (2nd quarter). Housing starts and completions (July).

COMPANY RESULTS

Final dividend: Guinness Peat Group. Interim dividends: Dewhirst (I. and J.) Holdings; Guardian Royal Exchange Assurance; Hepworth Ceramic Holdings; L.K. Industrial Investments; Newbold and Burton Holdings; Peninsular and Oriental Steam Navigation; Phoenix Assurance; Rotork; Rowton Hotels; Sun Alliance and London Insurance; Travis and Arnold; Wagon Finance Corporation.

COMPANY MEETINGS

Watson (R. K.), Alma Lodge Hotel, Stockport, 12. Wood (S. W.), Winchester House, E.C., 12.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Overseas banks in Tokyo share in yen foreign loan

BY RICHARD HANSON TOKYO, Sept. 6.

FOREIGN BANKS in Tokyo will for the first time be the major participants in a yen-denominated loan to an overseas borrower from Japan. The loan at a new floating interest rate, based on the Japanese long-term prime rate.

Tokai Bank is the lead manager of the syndicate, including nine foreign banks, which will lend Y5bn for eight years to the Banque Populaire d'Algerie. The interest rate will float at a margin of 0.5 per cent above the long-term prime rate, currently 7.1 per cent, with a four years grace period before repayments start, the rate will be reviewed every six months. Final approval and signing of the loan agreement is expected by October.

Foreign banks here have to date played only minor roles in yen lending overseas. With the rate based on the long-term prime rate, and being changed frequently, rather than at a fixed rate, foreign banks largely avoid the risk of having local short-term borrowing rates rise above the lending rate. Foreign banks rely mostly on short-term yen funds to finance their operations.

The foreign banks will take Y3bn of the loan with Tokai Bank and Chiyoda Life Insurance, a member of Tokai's industrial grouping, handling the rest.

In previous cases of foreign participation in yen loans, only one foreign bank has been invited among ten or more Japanese banks.

Foreign bankers participating in the yen loan hope that this type of activity can be expanded, to make up in part for the sluggishness of traditional areas of business in Japan, such as making dollar loans

There remains some doubt, however, over how much lending of this kind will be generated, because of competition from Japanese banks. It is also generally agreed that the Finance Ministry, which approved the participation by foreigners in the comparatively small Algerian loan, will not allow a foreign bank or banks to take the lead in a yen loan syndicated for an overseas borrower.

The participating foreign banks are the First National Bank of Boston, Chemical Bank, Continental Illinois Bank, Irving Trust and Manufacturers Hanover, from the U.S., along with Banco Commerciale Italiano, Deutsche Bank, UBAF and Banque Nationale de Paris.

Tokai Bank said that the selection of foreign banks to make up the syndicate was not based on any lack of funds among Japanese banks. Bringing them in was one way of reciprocating previous business involvements.

The Y5bn loan will be used in an agricultural development project in Algeria. The project involves an irrigation dam estimated to cost about $85m (some Y16bn). The remainder of the funds, $80m, will be lent by a 22-bank syndicate for eight years, led by Interunion Bank, based in Paris, and including Tokai Bank Nederland NV.

Financier for trial on bank fraud charges

By James Bartholomew

Mr. Amos Dawe, a financier most of whose business activity has been in the Far East, will stand trial in San Francisco on October 10 on charges of defrauding three California banks of $1.3m.

Mr. Dawe surrendered himself to U.S. government officials last week at San Francisco International Airport on arrival from Taiwan. His extradition to the U.S. had been sought since July 1977 when a Grand Jury accused him of fraudulently using funds from the three small California banks to support his international business empire.

Mr. Dawe is currently involved in litigation against the Moscow Narodny Bank, the Russian owned bank, in the British courts. Moscow Narodny financed many of Mr. Dawe's deals.

Mr. Dawe's lawyer, Mr. James Moore, applied for a delay before the trial in order to prepare an adequate defence. "Complicated international banking transactions are involved in the charge," he said. But the district court judge in San Francisco, Judge Robert Schnacke, rejected the request.

Mr. Moore said that Mr. Dawe's life had been threatened and his client believed his life to be in danger.

Sound growth at Malayswata

By Wong Sulong

KUALA LUMPUR, Sept. 5.

MALAYSWATA BERHAD, the biggest steel company in Malaysia, reported a satisfactory year ending March, with net profit rising from 8.1m ringgits to 8.9m ringgits (U.S.$3.9m).

The company, which produced 150,000 tonnes of steel products during the year, pointed out that its profits would have been higher had it not been for the Government's control of the price of steel, which has not risen for the past five years.

The company's increase in profits resulted from improved productivity, and took place in spite of higher costs for raw materials and services.

E. L. Bateman sets record

BY JIM JONES JOHANNESBURG, Sept. 6.

SOUTH AFRICAN mechanical and electrical engineering group E. L. Bateman, has reported record operating profits for the year to June 30, last, fuelled by the boom in capital expenditure by the mining sector. After a pedestrian first half performance which saw pre-tax profits only marginally better at R1.9m, the year's total has been boosted from R4.8m in 1977 to R5.3m ($6.1m).

At the time of the last annual report, fears were expressed that earnings would peak in 1978 as many of the group's contracts written in more buoyant times were completed. In the event, Bateman has increased emphasis on the export markets with the additional spin-off that the year's effective tax rate has been cut from 38.6 per cent to 33.4 per cent, largely due to export incentives.

Earnings per share of 138 cents, against 112 cents in 1977, were in line with Johannesburg expectations.

HONGKONG WHARF

A closing of the ranks

BY RON RICHARDSON IN HONG KONG

THE ANNOUNCEMENT yesterday of the purchase by shipping magnate Sir Yue-Kong Pao and his family of a major holding in the asset-rich Hongkong and Kowloon Wharf and Godown Company for an estimated HK$450m (some US$95m) is being seen here as a closing of ranks by relatively conservative, British business interests against a takeover attack by more aggressive Chinese entrepreneurs.

It also marked the end of an unsuccessful but highly profitable takeover exercise by the rapidly expanding Cheung Kong (Holdings). Cheung Kong today revealed that it had begun buying Hongkong and Kowloon Wharf shares at the end of March with the intention of gaining control.

By mid-July it had built up a holding of 10m shares, representing about 11 per cent of the wharf equity. However, because of the rapid rise in the Hong Kong stock market, which inflated the price of Wharf shares, Cheung Kong decided the operation would be too costly. As a result it then sold its entire holding of Wharf shares in deals which have left the property developer with a capital profit estimated to be in excess of HK$100m.

The identity of the buyers of the shares, which were sold both on and off the market, has not been revealed. However, the revelation that private companies controlled by Sir Yue-Kong and his family had recently acquired "between 15 and 20 per cent" of the wharf equity, leaves little doubt that they took the bulk of the shares.

Although Sir Yue-Kong is ethnically Chinese and, as the largest independent oil tanker owner in the world heavily involved in an industry which in Hong Kong is Chinese-dominated, his business connections are strongly with the British oriented sector.

Hongkong and Kowloon Wharf and Godown is certainly a part of that British establishment. Traditionally the chairman of the Wharf company is the chairman of Jardine, Matheson and Co. Mr. David Newbigging is the current encumbent of both positions. Other board members include Mr. P. G. Williams,

News that Sir Yue-Kong Pao and his family have acquired a stake of 15 per cent to 20 per cent in Hongkong Wharf has been followed by the announcement that Cheung Kong (Holdings) sold its 11 per cent stake in Wharf in July. In Hong Kong the moves are seen as a closing of British interests against a takeover attack by Chinese businessmen.

deputy chairman of Hongkong and Shanghai Banking Corporation, Mr. John Marden, chairman of Wheelock Marden and Co., Mr. Horace Kadoorie, of China Light and Power Company and Sir Yuet-Keung Kan senior unofficial member of the Hong Kong Executive Council.

They will now be joined by Sir Yue-Kong Pao and his son-in-law Mr. Peter K. C. Woo. Sir Yue-Kong will be no stranger to Newbigging, Williams and Marden as he is a co-director with them of Hongkong and Shanghai Banking Corporation (HSBC). It is this connection with the bank which has helped Sir Yue-Kong find the huge cash outlay for the purchase of up to 18m Wharf shares.

The HSBC is already heavily involved in Pao's shipping operations. It holds around 21 per cent of Eastern Asia Navigation, the main listed company in Pao's World-Wide Shipping Group, and is in partnership in a number of off-shore companies.

One possible consideration in the financing of the share purchase is that the Pao companies will receive a huge infusion of liquidity if the Japanese government goes ahead with its proposal to finance the repurchase by Japanese shipping companies of some of their chartered flag-of-convenience vessels. Pao is the largest owner of these Shikumisen ships with 79 vessels, representing about 55 per cent of World-Wide Shipping's total tonnage, on charter to either Japan Line or Sanko Steamship.

It has been speculated Pao, who is a shipping investor rather than a shipping operator, could take this opportunity to move some of his and his companies' assets into property investments.

His statement that he intends to hold his stake in the Wharf company as a long-term investment would seem to confirm this.

It also fitted in well with the aversion the British-oriented institutions here felt at the prospect of Cheung Kong and other Chinese controlled development companies taking over Hongkong and Kowloon Wharf and gaining control of its large stock of choice waterfront redevelopment sites in Kowloon.

The statement by Cheung Kong chairman Mr. Li Ka-Shing that his company had been a heavy buyer of the Wharf shares largely confirmed the speculation that had been rife in the stockmarket for the past few months that a syndicate of Chinese companies, said to include Cheung Kong and Sun Hung Kai Properties, had been building up a big position in Hongkong and Kowloon Wharf.

This market activity saw the Par HK$10 shares rise from around HK$14 in March to HK$46 on Monday. It was also one of the factors which sparked the current stockmarket boom here.

Mercantile Mutual lifts profits and payout

BY OUR OWN CORRESPONDENT SYDNEY, Sept. 6.

DESPITE A large underwriting deficit, Mercantile Mutual Insurance Company has reported a record profit of A$6.08m (U.S.$7m), up 15 per cent from the A$5.27m for the year to June 30.

The annual dividend is to rise from 16 cents to 18 cents a share after a final payment up 2 cents to 10 cents a share. This will be paid on capital increased by last year's one-for-eight centenary scrip issue, and is effectively 26.5 per cent higher than last year's ordinary payout. Last year's ordinary distribution was augmented, however, by a special centenary dividend of 4 cents a share, bringing the annual total to 20 cents a share.

Directors described the premium increase of 11.7 per cent to A$73.15m from general insurance as "satisfactory in the light of the extremely competitive state of the market."

The company's underwriting deficit of A$5.16m was caused mainly by changes to the Workers Compensation Act, and compared with a surplus of A$2.22m last year. The directors said that the deficit would have been decreased by A$4m, less an indeterminate amount for re-insurance and other adjustments, had the company followed Government advice on budgeting on the changes but they had decided to adopt a conservative approach and to provide for the full amount of cover required before the changes.

The company's subsidiaries all produced good results, according to the directors. New life sums assured by Mercantile Mutual Life rose by 39 per cent to A$250m and new annual premiums increased 49 per cent to A$3.5m.

Overprovsion for tax last year resulted in a net tax credit of A$1.16m, compared with last year's bill of A$4.8m

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

	Bid	Offer
STRAIGHTS		
Alcan Australia 9½pc 1989	97½	98½
AMEV 8pc 1987	94½	95½
Australia 8½pc 1992	94	94½
Australian M. & S. 9½pc '92	95½	95½
Barclays Bank 8½pc 1992	93½	94¼
Bowater 9½pc 1992	98½	99
Can. N. Railway 8½pc 1986	93½	96
Credit National 8½pc 1986	97	97½
Denmark 8¾pc 1984	97½	98½
ECS 9pc 1993	99½	100
ECS 8½pc 1997	95½	96
EIB 8¾pc 1992	95½	96½
EMI 9½pc 1989	98½	99
Ericsson 8½pc 1989	96½	97½
Esso 8pc 1986 Nov.	99	99½
Gt. Lakes Paper 8½pc 1984	98½	99
Hamersley 9½pc 1992	100½	101½
Hydro Quebec 9pc 1992	96½	97½
ICI 8¾pc 1987	95½	96
ISE Canada 9½pc 1986	102½	103½
Macmillan Bloedel 9pc 1992	97½	98½
Massey Ferguson 9¼pc '91	97½	98½
Michelin 9½pc 1988	99½	100
Midland Int. Fin. 8¾pc '92	97½	98
National Coal Bd. 8pc 1987	93½	94½
Natl. Westminster 9pc 1986	99½	100½
Natl. Wstmnstr. 9pc '86 'B'	101½	102½
Newfoundland 9pc 1989	99½	100
Nordic Inv. Bank 8¾pc 1988	97½	95½
Norges Kom. Bk. 8½pc 1992	95½	95½
Norpipe 8¾pc 1989	96½	97
Norsk Hydro 8½pc 1992	95	95½
Oslo 9pc 1988	99½	100½
Ports Autonomes 9pc 1991	97½	99
Prov. Quebec 9pc 1995	97½	97½
Prov. Saskatchwn. 8½pc '86	97½	98½
Reed International 9pc 1987	95½	95½
RHM 9pc 1992	94½	95
Selection Trust 8½pc 1989	91½	92½
Shell Intl. Fin. 8½pc 1990	95	95½
Skand. Enskilda 9pc 1991	99	99½
SKF 8pc 1987	91½	92½
Sweden (K'dom) 8½pc 1987	95½	96
United Biscuits 9pc 1989	97½	98
Volvo 8pc 1987 March	93½	94½
NOTES		
Australia 7½pc 1984	93½	93½
Bell Canada 7¾pc 1987	95	95½
Br. Columbia Hyd. 7¾pc '85	97½	94½
Can. Pac. 8½pc 1984	97½	98½
Dow Chemical 8pc 1986	95½	96½
ECS 7¾pc 1982	94½	95½
ECS 8½pc 1989	94½	94½
EEC 7¾pc 1982	94½	95
EEC 7¾pc 1984	91½	93
Enso Gutzeit 8½pc 1984	95½	96½
Gotaverken 7¾pc 1982	95½	96
Kockums 8pc 1983	96½	97½
Michelin 8½pc 1983	93	93½
Montreal Urban 8½pc 1981	99	99½
New Brunswick 8pc 1984	96½	97
New Bruns. Prov. 8½pc '83	98	98½
New Zealand 8½pc 1986	95½	96½
Nordic Inv. Bk. 7½pc 1984	94	94½
Norsk Hydro 7½pc 1982	95½	96½
Norway 7½pc 1982	94½	95
Ontario Hydro 8pc 1987	93½	94½
Singer 8½pc 1982	93½	99½
S. of Scot. Elec. 8½pc 1981	98	98½
Sweden (K'dom) 7½pc 1982	95½	96
Swedish State Co. 7½pc '82	95½	96½
Telmex 9½pc 1984	97½	99½
Tenneco 7½pc 1987 May	91½	92½
Volkswagen 7½pc 1987	94½	95
STERLING BONDS		
Allied Breweries 10½pc 1990	89½	90½
Citicorp 10pc 1993	91½	92½
Courtaulds 9½pc 1989	89½	90½
ECS 9½pc 1989	92½	93½
EIB 9½pc 1988	97½	98½
EIB 9½pc 1992	90	91
Finance for Ind. 9½pc 1987	91	92
Finance for Ind. 10pc 1989	94½	95½
Fisons 10½pc 1987	97½	98½
Gestetner 11pc 1988	93	94
INA 10pc 1988	91½	92½
Rowntree 10½pc 1988	92½	93½
Sears 10½pc 1988	92	93
Total Oil 9½pc 1984	89½	90½
DM BONDS		
Asian Dev. Bank 5½pc 1988	94½	95½
BNDE 6½pc 1986	97	98
Canada 4½pc 1983	98	99
Den Norske Ind. Bk. 6pc '90	99½	100½
Deutsche Bank 4½pc 1983	98	99
ECS 5½pc 1990	93	94
EIB 5½pc 1990	93	94
Elf Aquitaine 5½pc 1988	93	94
Euratom 5½pc 1987	97½	98½
Finland 5½pc 1986	95½	96½
Forsmarks 5½pc 1990	94½	97½
Mexico 6pc 1985	94	97
Norcem 5½pc 1989	98	99
Norway 4½pc 1983	98½	99½
Norway 4½pc 1983	96½	97½
PK Banken 5½pc 1988	95	95
Prov. Quebec 6pc 1990	97	98
Rautaruukki 5½pc 1988	94	95
Spain 6pc 1988	92½	97½
Trondheim 5½pc 1988	95	96
TVO Power Co. 6pc 1988	96½	97½
Venezuela 6pc 1988	95	96
World Bank 5½pc 1990	96½	97½
FLOATING RATE NOTES		
Bank of Tokyo 1984 8½pc	99	99½
BFCE 1984 9⅞pc	99½	99½
BNP 1983 9½pc	99½	100½
BQE Worms 1985 9pc	95	95½
CCF 1985 8½pc	98½	98½
Chase Manhtn. '93 8⅝pc	97½	98½
Creditanstalt 1984 8½pc	99	99½
DG Bank 1982 9pc	99½	100½
GZB 1981 9½pc	99½	100½
Intl. Westminster 1984 8pc	98½	99½
Lloyds 1983 8⅝pc	99½	100½
LTCB 1983 9⅛pc	99½	99½
Midland Int. FS '87 8⅝pc	98½	99½
Midland Int. FS '93 9⅛pc	98½	99½
Nat. Westminstr. '90 9⅝pc	99	99½
OKB 1983 9½pc	99½	100½
SNCF 1985 9⅝pc	99	99½
Std. and Chtrd. '84 9⅝pc	99½	99½
Source: White Weld Securities.		
CONVERTIBLES		
American Express 4½pc '87	81	82½
Babcock & Wilcox 7pc '92	115½	116½
Beatrice Foods 4½pc 1992	102½	104
Beatrice Foods 4½pc 1992	120	121½
Beecham 6½pc 1992	111½	112½
Borden 5pc 1992	97	98½
Broadway Hale 4½pc 1987	74½	76
Carnation 4pc 1987	79	77½
Chevron 5pc 1988	144	143½
[illegible]	[illegible]	[illegible]
Source: Kidder, Peabody Securities.		

هكذا من الاصل

Decca falls by £3½m after losses on TV and survey

LOSSES IN its television activities and lower performance from records sent profits from consumer goods at Decca into a dive for the year to March 31, 1978, and the result from the capital goods side was weakened by losses in survey.

Overall the trading surplus was down £3.79m at £14.53m. After interest of £2.61m (£3.12m) and including a share of associates of 387,000 (£888,000) profit at the pre-tax level fell from £15.29m to 12.3m.

Higher costs throughout the group were not fully recovered in selling prices and the increased strength of sterling ate into the profitability of exports. Before interest the contribution from consumer goods was down from 3.05m to £501,000 and from capital goods from £15.98m to £14.41m.

It was a successful year for the company's navigator and radar divisions where combined profits were at a peak.

The survey problems are being dealt with and the outlook for consumer goods is more encouraging the directors say, but warn that increased operating costs and lower output due to prolonged industrial action will appreciably reduce half-year group profit. Last time the midyear surplus was down £273,000 at £3.22m.

In the longer term the directors expect profits to grow substantially, mainly because of increasing capital goods turnover from large contracts for electronic equipment.

Group sales, including export at a best ever £99.4m (£51.8m) amounted to £186.3m (£181.4m) of which the overseas content was £112.3m (£109.5m). Capital goods sales, split as to overseas and UK, were £73m (£69.3m) and £34.3m (£33.7m) and consumer goods £39.3m (£40.3m) and £39.7m (£38.2m).

Tax took £6.96m (£8.75m) for stated earnings per 25p share of 25.2p (33.4p) or 21.8p (34.0p) after special debits of £693,000 (£93,000).

A net final dividend of 8.59643p lifts the total to a maximum permitted 11.89643p (10.65352p).

At year end total provisions for tax deferred by stock relief exceeded £13m of which only a small part, if any, will become payable the directors state. In the circumstances they believe £10m should now be released and added to reserves.

Net capital investment during the year in new machinery, apparatus for hire, building, etc., was more than £10m (£7m) of which over £6.75m was covered by the year depreciation charge of £6.79m (£5.57m).

	1977-78 £000	1976-77 £000
Trading surplus*	14,527	18,329
Share of associates	387	888
Interest	2,610	3,120
Pre-tax profit	12,304	[illegible]
Tax	6,964	8,753
Net profit	5,440	7,133
Minorities	652	422
Special debits†	693	93
Attributable	4,095	6,839
Preference dividends	30	30
Ordinary dividends	2,238	2,084
Retained	1,807	4,365

* After depreciation and amortisation of £6,789,000 (£5,574,000). † Special items represent: loss on cessation of trading activities and net costs of relocation and factory closure £305,000 (£229,000); net surplus on sale of trade investment nil (£133,000); net loss on realisation or revaluation of current assets and liabilities in foreign currencies £482,000 (£15,000 gain); and expenditure on North Sea dry wells nil (£12,000).

See Lex

Blackwood Hodge on target

AGAINST DIFFICULT trading conditions and with interest charges cut nearly £1m to £4.11m, profits before tax of Blackwood Hodge, the earthmoving and construction equipment group, rose by 12.5 per cent from £7.65m to 8.6m for the first half of 1978, compared with a forecast of not less than £8.5m made at the time of the July, 1978 rights issue.

Mr. W. A. Shapland, the chairman, says the group has marginally improved its market penetration and has been able to control overheads. This pattern should continue in the second half and will, he believes, give rise to pre-tax profits for the full year of not less than £18m.

For the whole of 1977, a record 16.63m taxable profit was achieved.

Group turnover was down 5.5 per cent to £147.8m at the half-year—UK sales rose 2 per cent to 45.8m, but overseas sales were 6 per cent lower at £102m due to certain exceptional sales in Australia in the early months of last year and to exchange rate movements which necessarily affect sterling comparisons.

Trading profits were little changed at £12.71m (£12.73m) and were split as to: UK, £4.8m (down per cent) and overseas, £7.9m (up 3.9 per cent). These results reflect changes in the mix of sales the group's various territories and a small decline in UK margins compared with an improvement overseas.

Operating costs and overhead expenses showed a small increase due to inflation, but interest charges were reduced due to reduced borrowing and lower interest rates.

Attributable profits advanced from £2.23m to £2.77m, after tax of £4.81m (£4.15m), extraordinary debits of £213,000 (£495,000), minorities and preference dividends.

	Six months 1978 £000	1977 £000
Group sales	147,787	156 470
U.K.	45,777	44 884
Europe	22,041	22,025
Africa	38,082	33,157
Australia	17,273	22,468
Asia	1,089	1,786
North America	28,840	31,354
Trading profit	12,716	12,734
Interest payable	4,108	5,087
Profit before taxation	8,602	7,647
U.K. tax	2,122	2,004
Overseas tax	2,761	2,146
Net profit	3,720	2,497
Minority interests	784	723
Extraordinary debits†	213	495
Preference dividends	40	46
Attributable ordinary	2,775	2,233
Interim dividend	582	521
Retained	2,184	1,712

† Exchange adjustments on group net assets overseas.

Earnings per 25p share are shown as 4.96p (4.54p) basic, and 4.56p (4.19p) fully diluted. As forecast in July, the interim dividend is effectively raised from 0.8867p to 0.96777p net on increased capital—a final of 1.29234p (adjusted 1.0693p) was also projected at the time of the rights issue.

The chairman reports that the sale of a further 20 per cent of the equity in the group's Nigerian subsidiary, to give local shareholders a total of 60 per cent as required by legislation, has yet to be finalised but meetings with the Nigerian authorities are expected to be held within the next few weeks.

James Beattie nears 1m. at six months

A jump in pre-tax profits from £382,000 to £986,000 is reported by James Beattie, the departmental store operator, for the half year to July 31, 1978. Turnover was some £2m better at £12.53m.

However, the directors warn that the company faces a much sterner test in the second half.

For al lthe previous year, record £2.54m profits were achieved and a single 2.28362p net dividend paid.

After half-yearly tax of £513,000 (£199,000) net profits were ahead from £183,000 to £473,000.

Ofrex rises 46% to £2.5m at halfway

INCLUDING RESULTS from Howard Wall, taken over at the end of 1977, taxable profits of Ofrex Group rose 46 per cent from £1.68m to £2.46m for the first six months of 1978. Sales were up 25 per cent at £20.18m.

Mr. George Drexler, the chairman, comments that the group's forward march has continued despite increasingly difficult conditions, in particular in the export markets.

After tax of £1.24m (£0.92m) earnings expanded from £0.76m to £1.21m, representing a 48 per cent growth from 4.94p to 7.33p per 20p share.

The interim dividend is effectively raised from 1.067p to 1.18p net, costing £193,000 (£164,000) and the chairman says that when the full-year results are known, consideration will be given to an increased final—last year's final was 3.0167p, adjusted for a one-for-five scrip issue.

The group manufacturers and markets office supplies, stationery, educational supplies and equipment, etc.

● comment

With its very strong first half performance, Ofrex is well on the way towards achieving the forecast made in its annual report of another record year. But it is unlikely that the growth rate established in the first half will be sustained over the full year. For a start, the first half includes Howard Wall, a stapling manufacturer acquired in 1977. While it is difficult to net its results out because of the degree of interaction between Wall and Ofrex over a period of years, it is reasonable to suggest that the first half pre-tax profit improvement, Howard Hall excluded, is around 35 per cent. The board has indicated that consideration will be given to increasing the final dividend when the final results are known. It is this, rather than the results that pushed the share price 10p higher to 105p. At this level, asuming a fully taxed annual result of £4.8m, the p/e is 6.2.

West of England Tst.

Net profit of West of England Trust expanded from £646,000 to £1,293,000 for the year to June 30, 1978. Owing to an agency error the comparative figure was incorrectly stated yesterday as £946,000.

The directors, as reported, point out that simply adding back the tax charge of £532,000 (£500,000) does not give a true appraisal of the pre-tax surplus in view of the current dividend restraint.

Whittingham in profit mid-year

FOR THE first time in five years William Whittingham (Holdings) has shown a profit at the interim stage. The recovery for the half year to April 30, 1978, was from a pre-tax deficit of £129,000 to a surplus of £36,000, on turnover of £6.47m against £5.52m.

"In view of heavy seasonable losses of the photographic division even a modest profit represents a very real improvement," Mr. Wardle, the chairman, comments.

Losses on the photographic side were down to £254,000 (£320,000). Before interest payments of £263,000 (£594,000), income from investment was lower at £91,000 (£104 000) and the surplus from development and property was down at £462,000 (£681,000).

Mr. Wardle points out, however, that certain non-recurring profits arose in development and property activity last time which distorted the figures and he is satisfied with the solid trading profit achieved this year.

The photographic business is affected by the weather but he is hopeful of a better result at year end. Of group results he says he has every reason to believe the second half will be at least as profitable as in 1977-78 when £539,000 was attained, and accordingly a material improvement will be seen for the year as a whole. Full time profit last year was £160,000.

No interim dividend is to be paid but the directors are expected to pay a higher final than the 0.99p net per 12½p share last year. The last interim was paid in 1972-73 when profit was a record £2.08m.

MINING NEWS

Jabiluka road decision hits Ranger hopes

BY KENNETH MARSTON, MINING EDITOR

ABORIGINAL OBJECTIONS have *produced an unexpected dampener* to hopes of a start within three weeks to development work on the Ranger uranium deposit in Australia's Northern Territory of Peko-Wallsend, EZ Industries and the Australian Government.

They follow yesterday's report that the Australian Prime Minister, Mr. Malcolm Fraser, anticipated that final approval of Aboriginal royalty payments should clear the way for work to start soon at the potential mine.

The Aboriginals do not object to Ranger as such, but they have threatened to refuse to sign the draft agreement because of the Government's decision regarding the Jabiluka uranium deposit of Pancontinental and Getty Oil. They take offence at the Government's agreement to allow work to proceed on the Arnhem highway extension to the Jabiluka field.

Laurie Oakes reports from Canberra that the chairman of the Aboriginals' Northern Lands Council, Mr. Gulurrwuy Yunupingu, has issued the Ranger threat in Telex messages to the Australian Prime Minister, the Aboriginal Affairs Minister and the Environment Minister.

They state: "Your decision is not being accepted. We would like to make it clear that at the traditional land-owners meeting at Mudginberry on March 15 and 16, 1978, they opposed the extension of the road very strongly and the Northern Land Council supports their stand.

"I would like to know the meaning of the road extension to the Pancontinental mine site. It seems to be that clearly the Government has made up its mind that Pancontinental will go ahead in the very near future. If that is the case, then this Council should be notified and the Government should play their politics fairly and honestly before mining development should take place."

The Ranger partners had thought that Northern Land Council approval for the Ranger project was a mere formality following the initialling of the "agreement in principle" by Mr. Stephen Zorn, the American lawyer who had acted as chief negotiator for the Aboriginals.

But Mr. Yunupingu said in his Telex that it seemed the statutory obligations of the Northern Land Council were not being respected by the Government, and he added: "If this is the case, I would like to warn you that the Ranger agreement may not be signed by *this Council and its people unless* you as a Government stop playing your political games with the Aboriginal people."

In London yesterday, Peko-Wallsend shares rose 12p more to 564p while those of EZ were 10p up at 280p. Pancontinental eased to £14¼.

Tara's loss of C$6.5m

A LOSS of C$6.52m (£2.91m) for the six months to June 30 has been sustained by Canada's Tara Exploration which operates Europe's largest lead-zinc mine at *Navan in Ireland's County* Meith. Production totalled 134,142 tonnes of zinc concentrates and 23,838 tonnes of lead concentrates.

Since the end of the half-year production has been hit by an unofficial strike of millworkers. Negotiations are continuing with the Toronto-Dominion Bank loan consortium and the Export Development Corporation of Canada on the re-ordering of Tara Mines' debt schedule. The provisions of the loan agreement which required payment of principal instalments on the loans on July 20, last, have been waived to September 20.

Thiess profits advance: new scrip issue

AUSTRALIA'S diversified coal mining and engineering group, Thiess Holdings, announces net profits for the year to June 30 of A$19.14m (£11.3m), equal to 36 cents per share, compared with A$12.6m a year ago. A final dividend of 7 cents (4p) brings the year's total to 13 cents against 10 cents last time.

Thiess is also making one-for-five scrip issue folowing its previous one-for-five issue only last December. The latest issue will only rank for dividends on profits earned after July 1 this year. The directors forecast a further dividend rise for the current year and predict a minimum payout of 11 cents on the increased capital.

Again, the group coal mining operation has provided about two-thirds of the year's profit. The Callide mine in central Queensland has had considerable success in securing further orders to increase its capacity to 2.2m tonnes a year.

The mine's capacity is expected to be fully utilised by 1980-81. In the past year it raised its sales from 1.2m tonnes to 1.6m tonnes. Coking coal deliveries from the group's South Blackwater mine aslo rose strongly from 669,000 tonnes to 910,000 tonnes and brought a "considerable" improvement in its profit performance.

The Thiess' construction division lifted its turnover to A$103m from A$79m. But the directors say that, although the profit was up, it did not reflect an adequate return on funds employed. The group's motor vehicle distributorship performed well, increasing turnover *by 35 per cent A$179m and significantly* lifting profit.

Geevor still going strong

WHILE the young Wheal Jane and Mount Wellington tin mines in Cornwall remain in dire straits, the old Geevor mine near St. Just is still going strong after the past 60-odd years. And the chairman says in his annual statement that the continued prosperity of the company is assured.

Furthermore, Geevor is looking for other mining situations in Cornwall. A number of them have been already considered and rejected, but some are still under investigation. These are being approached with caution, it is added.

The current year to March 31 should see the end of capital spending on the Geevor mine's sub-incline shaft project, but in December repayment of the Department of Industry loan commences and interest also becomes due. Further significant expenditure is necessary to ensure that the mine can continue to operate efficiently and profitably for the foreseeable future.

A major extension of the mill, now in an advanced planning stage, will make it possible to treat material from the numerous old mine dumps in the area and, in due course, increased tonnages of ore from underground sources. It is, however, vital that the rise in working costs be contained and the payability disclosed by underground development over the next few years will be important. Geevor were 140p yesterday.

OIL AND GAS NEWS

Colombia launches plan for self-sufficiency

COLOMBIA PLANS a massive oil search over the next five years in order to recover self-sufficiency in petroleum, Mr. Alberto Vazquez, the Mines Minister, said in Bogota.

Total expenditure will be about $325m (£166.7m) as Ecopetrol, the state oil company drills some 140 exploratory wells.

Until three years ago, Colombia was an oil exporter, but imports now run at about 30,000 barrels a day. The cost last year was around $230m.

Production is currently running at less than 140,000 barrels a day.

* * *

Crude oil production from the Bombay High offshore field on the Indian west coast is to be stepped up by 25 per cent to a rate of 5m tonnes a year after the monsoon season, announced Mr. P. T. Venugopal, the chairman of the Oil and Natural Gas Commission.

This boost will make the field the most prolific source of Indian crude oil.

Total Indian crude production in the year to next March will be over 12m tonnes, but a further 15m tonnes will have to be imported to meet domestic demand.

* * *

Peru produced 33.3m barrels of petroleum last year, an increase of 19.3 per cent over 1976, according to Petroperu, the state oil company. But this did not meet internal demand and imports ran at about 52,500 barrels a day.

* * *

The Fiji Government has reached agreement on a five-year exploration programme and tax regime with Pacific Energy and Minerals and MAPCO, two U.S. companies.

An official statement, released in Suva, said the companies would spend F$7.6m (£4.78m) on the programme, which contains a drilling commitment within three years. If the companies should find oil in commercial quantities then the tax agreement provides for guaranteed tax stability over a period of 25 years.

* * *

The production sharing agreement signed by Caltex Oil and the Indonesian Government has been expended for 30 years from its expiry date in 1983, the Mining Ministry stated in Jakarta.

Plans to hand over the contract to Pertamina, the Indonesian state oil company, has been dropped in view of Pertamina's shortage of funds, a spokesman said.

Caltex production runs at about 800,000 barrels a day and it is the biggest foreign company operating in Indonesia, accounting for a half of the national output.

ISSUE NEWS

Yearlings jump to 10%

The coupon rate on this week's batch of local authority yearling bonds has jumped from the 9⅞ per cent of last week to 10⅛ per cent. Again the issues are at par and this time they are dated September 12, 1979.

The issues are:—West Dorset District Council (£½m), City of Salford (£½m), Kirklees Metropolitan Borough Council (£½m), City of Leeds (£½m), Strathclyde Regional Council (£1m), Cannock Chase District Council (£½m), Hastings Borough Council (£½m), City of Sheffield (£½m), Woodspring District Council (£½m), City of Manchester (£1½m), Hereford City Council (£½m), Newark District Council (£½m), London Borough of Lewisham (£2m), City of Bristol (£1½m), London Borough of Hillingdon (£1m).

The London Borough of Merton has raised £½m by the issue of 11½ per cent bonds at par dated September 3, 1980.

Offshore trust goes for London quote

Arbuthnot Government Securities Trust, an offshore investment company, is applying for a quotation on theb London Stock Exchange. If approved, the shares will be admitted next Monday.

At August 29, 1978, the issued capital of the company was £12.15m, including £7.28m Income Participating Redeemable Preference shares of 1p each, £4.77m Capital Participating Redeemable Preference shares of 1p each and £0.1m Founders' shares of £1 each.

The company was incorporated in Jersey on June 20, 1978. It is an open-ended investment company and operates on similar principles to a unit trust in that it can by using redeemable preference shares issue and redeem its own shares.

It has been formed by Arbuthnot Securities (C.I.) to provide management of British Government Securities for both residents and non-residents of the UK.

The first issue of Participating Shares was made on July 24, 1978, when 1,050,846 Participating Shares were issued at £1 per share. On August 29, 1978, the prices at which Participating Shares could be issued and redeemed was £1.02 and £1.00 per share respectively.

The policy of the company is to invest primarily in those British Government Stocks which are not liable to any UK tax on income when beneficially owned by persons or companies not ordinarily resident in the UK. Such stocks are commonly known as "Exempt Gilt Edged Securities."

The investment advisers to the company are Arbuthnot Securities.

Brokers to the company are Cazenove and Company.

HOWARD AND WYNDHAM

Howard and Wyndham announces that arrangements are in hand for the placing of £½m of 18 per cent Unsecured Loan Stock 1976-91 at par.

The new stock will rank pari passu with the existing £346,844 of 18 per cent loan stock at present in issue, except that it will rank for interest from September 11, 1978. The first interest payment in respect of the period September 11 to December 31, 1978, amounting to £5.52 per cent will be paid on January 15, 1979.

The net proceeds of £484,000 will be used initially to reduce existing bank overdrafts and to provide additional working capital for the UK operations.

The placing has been arranged by Raphael, Zorn and Sheppards and Chase.

FINE ART DEVELOPMENTS

Fine Art Developments state the fire at Clayton-le-Moors, Lancashire, was at one of their 16 storage places and should not present too many serious problems regarding current trading. No manufacturing or administrative buildings were involved.

Saville Gordon back on course for growth after setback

ALTHOUGH PRE-TAX profits fell from £924,018 to £752,661 in the year to April 30, 1978, the second half at J. Saville Gordon Group, metal merchant, etc., did show an upturn and a significant improvement is foreseen for the current year.

At the interim stage, when pre-tax profit was down from £451,836 to £202,035, Mr. J. D. Saville, chairman, said the results in no way reflected the high level of activity.

He now describes the 12-month results as "commendable" in view of the difficult trading conditions experienced earlier in the year.

Turnover for the year dropped from £25,270,109 to £17,696,793. Earnings per 10p share are shown to have slipped from 4p to 3.3p and a final dividend of 1.2255p net lifts the total from 1.4549p to 1.6255p, at a cost of £129,926 (£117,919).

A property revaluation carried out during the year has revealed a surplus of £970,213.

	1977-78	1976-77
	£	£
Turnover	17,696,793	25,270,109
Profit before tax	752,661	924,018
Tax	418,021	529,553
Net profit	334,640	394,465
Extraordinary debit	11,334	—
Minority loss	—	9.651
Available	323,306	404.136
Dividends	129,926	117,919

The activities of the group's engineers merchants division have continued to forge ahead, even though industry has been operating at a much lower level. Turnover in this division has increased month by month, and the directors believe the company is taking a much larger share of the market than in previous years.

The company has maintained substantial and comprehensive stocks, and has invested in modern buildings and handling equipment.

The metal trading companies have been under tremendous pressures. Not only has demand been, at certain times, almost non-existant, forcing the company to take considerable tonnages of material into stock, but it has also been faced with a continual drop in values. However, it appears that this situation no longer exists.

The directors have adopted a policy of continuing to modernise plant, and over the last five years, have ploughed back into the metal trading companies virtually all the profit that those companies have made. On current margins the return on investment in these companies is inadequate, they say.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Anglo American Investment Trust, L. J. Dewhirst, Fairbairn Lawson, Guardian Royal Exchange Assurance, Hepworth Ceramic, L. K. Industrial Investments, Newbold and Burton, Peninsular and Oriental Steam Navigation, Phoenix Assurance, Portals, Rotork, Rowton Hotels, Sun Alliance and London Insurance, Travis and Arnold, Wagon Finance.

Finals—Bertam Consolidated Rubber, Guinness Peat.

FUTURE DATES

Interims—	
Bank of Ireland	Nov. 7
British Mohair Spinners	Sept. 12
Cory (Horace)	Sept. 14
Croda International	Sept. 14
Dutton-Forshaw	†Sept. 14
Guest Keen and Nettlefolds	Sept. 15
Huntleigh	Sept. 14
Magnolia	Sept. 14
Menzies (John)	Sept. 20
Provincial Laundries	Sept. 7
Winchmore Investment Trust	Sept. 11
Finals—	
Casket (S.)	Sept. 7
G.T. Japan Investment Trust	Sept. 20
London Merchant Securities	Sept. 8
Moran (Christopher)	Sept. 13
Stewart-Plastics	Sept. 11

† Amended.

Zetters leaps 76% to top £1m.

AS FORESHADOWED at half-time when reporting a jump from £177,200 to £360,998, pre-tax profits of Zetters Group for the year to March 31, 1978 were a record, with a 76 per cent leap from £594,726 to £1,046,784. Both pools and bingo divisions contributed to the result.

Turnover rose 59 per cent to £8.66m and comprised football gross stakes received £15.88m (£8.78m) less payments to winners and betting tax £10.4m (£5.74m) and bingo and cinemas; £3.2m (£2.41m).

Notwithstanding its substantial investments over the last two years, the company's liquidity position remains strong. This, together with a current trading position which is well up to expectations, gives the directors great confidence for the future.

After tax of £565,412 (£321,806) net profits expanded from £272,920 to £481,372, representing earnings of 7.34p (4.16p), per 5p share. The dividend is lifted to the maximum permitted 1.298p (1.162p) net, costing £85,088 (£76,198).

F. H. Tomkins cautious on current year

The business plan and budgets at F. H. Tomkins for the current year have been prepared with guarded optimism and unlimited determination, Mr. G. G. Garman, the chairman, says in his annual report.

Any prediction would be speculative, he says, but the group is proceeding with its long-term development plan which is slightly ahead of schedule in the distributor division.

For the year to April 30, 1978, pre-tax profits were up from £1.47m to a record £1.77m on turnover of £15.69m (£12.7m). The dividend is 0.96755p (0.8666p). Profit is reduced to £1.4m after adjustments for cost of sales, £425,392, depreciation, £195,455 and gearing, £250,155.

In the present market, ability to supply the major part of the product range from stock is essential to maintenance of turnover and this involved all companies in managing the other elements of their working capital to provide for higher stock levels without recourse to additional borrowing. The cash flow has been assisted by a relatively stable price structure for the principal raw material—steel.

Capital expenditure was again relatively modest although there was a significant increase in authorisations towards the end of the year in connection with the expansion of buckle production.

Both divisions of the buckle company did well to improve their total performance in a year when there was a substantial downturn in demand for shoe and sandal buckles which are historically a significant part of the trade, the chairman says.

Exports to the traditional markets were also restricted and considerable effort has gone into developing new markets with promising results.

While demand for bolts and nuts was again subdued, that department was more affected by the developing shortage of skilled setters for modern bolt-making plant.

The growth of service activity continues and a substantial investment in acid re-cycling plant has been authorised for the steel pickling plant which should result in more economical operating.

Distributors is now established as the major element in group earnings and it is the board's intention to continue its development, although it must be expected that the growth rate of recent past will slow down in what is, at best, a static market.

Downturn for TDG Australia

For the year to June 30, 1978, external sales of Transport Development Australia, 70 per cent held by Transport Development Group, fell from $A17.34m to $16.62m and pre-tax profits declined from $2.15m to $1.76m. At midway the profit reduction was from $1.28m to $1.05m.

Yearly earnings per share are given at $18.4 cents (22.76 cents) *and the total dividend is held at* 10 cents with a final payment of 5.25 cents.

The pre-tax result was after parent company expenses and loan stock interest of £90,000 (£91,000). Tax took £2.43m (£2.12m) and after minorities, attributable profits rose from £1.73m to £1.92m.

Stated earnings per 25p share are up from 16.6p to 18.5p and a final dividend of 2.6056p lifts the net total to 3.8508p (3.4485p) equivalent to 5.7475p (5.225p) gross—but for the continuation of dividend restraint the directors say they would have recommended payments totalling 10p gross.

The directors consider there is little likelihood of the company paying the deferred tax additionally provided as at June 30, 1978, and had they adopted the policy of not providing for this tax, earnings would have increased by a further 8.2p per share.

The group's business involves distributing electronic components and bathroom fittings, engineering, and manufacturing partitioning and office furniture, refractory materials and services.

Improvement by Armitage & Rhodes

For the year to March 31, 1978, Armitage and Rhodes reports turnover ahead from £4.86m to £5.71m and pre-tax profits up from £125,971 to £310,976.

Earnings per 10p share are shown to have risen from 2.35p *to 3.51p and the dividend is* stepped up from 2.15p to 2.365p net.

Tax for the 12 months took £173,219 compared with £67,269. Last time there was an extraordinary credit of £52,291.

Mr. Michael Burrows, chairman, says he is not prepared to give any forecast at this stage for the current year. However, he promises that the company will continue expertly and aggressively to face up to the challenge of the present difficult trading conditions and as the markets improve "as inevitably they must, we shall be poised for further progress and achievements."

The company is "close."

Earnings rise for Family Investment

After management expenses and loan interest amounting to £15,531 against £11,595 and tax of £56,667 compared with £40,201, net earnings of the Family Investment Trust advanced from £77,046 to £105,070 for the six months to July 31, 1978.

Gross revenue was better at £177,268 (£128,842) and earnings per 25p share increased from 1.7p to 2.39p. The net interim dividend is stepped up to 1.75p (1.5p), costing £77,000, and the directors intend to recommend a final of not less than 2.75p—last year's final was 2.35p from £174,445 earnings.

[illegible]

Le Bas sees good result

PROFITS up from £212,000 to ...3,000 are reported by Edward Le Bas for the half year ended July 1, 1978, and full-year profits are expected to show an improvement over the £200,000 achieved last year.

Earnings per share are shown at 2.31p against 1.41p and 1.9p (2.1p) fully diluted. The interim dividend is lifted from 0.905p to 1.4p—the total in 1977 was 2.16p.

	Half-year 1978 £000	1977 £000
...s	8,179	5,297
Foundation and construc...	2,583	3,822
Safety and relief valves	1,692	1,572
Foundry supplies	[illegible]	1,122
Agricultural engineering	1,062	1,133
System building	[illegible]	682
Profit	197	345
... etc. interest	112	100
...in stock interest	[illegible]	24
...er loan interest	[illegible]	2
Profit before tax	283	212
[illegible]	165	130
Minorities	[illegible]	[illegible]
...utable	63	[illegible]
Preference dividend	[illegible]	5
...utable ordinary	[illegible]	[illegible]
Interim dividend	[illegible]	[illegible]
...ained	[illegible]	[illegible]

Mr. A. R. Burrows, chairman, says that in the foundation and construction equipment division activity in the home market remained subdued and this, coupled with a difficult period for obtaining overseas orders, resulted in a fall in turnover and profits.

There are, however, indications that the export market is improving and the division expects to have a satisfactory year overall.

Following the closure of the overseas companies marketing foundry supplies, turnover reduced but having eliminated the losses being suffered by those companies the division is now achieving modest profits despite a still very subdued foundry industry in the U.K.

The agricultural engineering division, entered the year in a buoyant mood, increased sales and profits and would appear to be heading for a further record-breaking year.

Lack of significant export orders in the system building division resulted in a disappointingly low turnover when compared with the same period last year. There are indications of an improvement in the home market and strict control of overheads is containing losses at a reduced level, the chairman says.

Tyndall Scottish Income Fund

...ncome distribution by Tyndall Scottish Income Fund was ... per ...t up in the year to July 9, 1978. ...final payment of 4.974p net per ...it lifts the total to 9.634p net.

The fund managers point out ...t unitholders have seen their ...onic distribution advance 32 per ...t in the past two years compared with a 27 per cent rise in ... retail price index. The fund ...hus achieving its main purpose ...producing a high and increasing income while maintaining ...sfactory capital performance, ...y say.

The offer price of units ...proved by 41 per cent in the ... years to July 1978 while the ... Ordinary Share Index rose ... per cent.

...n the present circumstance ... managers believe the best ...licy is to remain virtually fully ...ested, predominantly in

THE NEW THROGMORTON TRUST LTD.

Capital Loan Stock Valuation—5th September, 1978

The Net Asset Value per £1 of Capital Loan Stock is 197.15p

Securities valued a... middle market pr...

BIDS AND DEALS

Starwest again lifts offer and Tridant gives in

Starwest Investment Holdings, the private company owned by Mr. Remo Dipre, the chairman of Tridant Group Printers, has increased its offer for Tridant yet again—to 83p—and won acceptance from the independent directors.

The bid had been bitterly contested by the independent directors who called Mr. Dipre's first offer of 63p opportunistic and not in the best interests of shareholders or employees. Now, however, having wrung an extra £1m out of Starwest they believe they can no longer hold out.

The new offer represents an increase of 60 per cent over the market price of Tridant's shares immediately prior to the first bid and this consideration now appears to have outweighed the earlier grounds for rejection—the recovery in profits and the question as to the property potential of the Kingston site.

Curiously, while the directors have announced that they intend to place their own 3.2 per cent of the shares behind the bid, no mention is made of the attitude of the major family interests including the 23 per cent owned by Chirit Investment Company which is managed by Mr. A. M. Carey, one of the independent directors.

In his latest offer Mr. Dipre has reconfirmed the interests and pension rights of the employees.

FCI £1M. LOAN TO WARREN PLANTATION

Finance Corporation for Industry has agreed to lend £1m to Warren Plantation Holdings owners of tea, coffee and rubber plantations, towards the previously announced acquisition by Warren of Joseph Mason and Company.

Mason specialises in the manufacture of industrial paints and the acquisition will afford Warren a further source of UK income. The FCI loan carries interest at the fixed rate of 13½ per cent and is repayable over 15 years. The balance of the consideration amounting to a maximum of £1.29m will be financed from internal resources.

GOLDREI FOUCARD SHARES UP 22P ON BID TALKS

Goldrei Foucard, producer of food materials for the bakery and catering trades, is in talks which may lead to an offer for the company. Following the announcement yesterday, the shares jumped 22p to 85p, valuing the company at just under £2m.

The Foucard directors promised shareholders that they will be kept informed of any developments. But they warned that some time may elapse before the next communication since the discussions are in an early stage.

Foucard's profits have risen steadily in recent years and reached £453,000 in the year ended March 25, 1978.

Opposition grows to Pearson bid

SEVERAL MORE institutional fund managers have joined the group which believes that the offer by S. Pearson and Son for the ordinary minority shares of Pearson Longman is inadequate.

Their view is that Pearson ought to have offered a premium to entice shareholders to let themselves be taken out of a company in which they had long-term confidence.

The critical question is whether the dissidents will be able to muster the 3.75m shares needed to defeat the bid when the vote is taken.

Meanwhile the offer for the preference shares looks virtually certain to be defeated. Yesterday the John James Group which owns 32.9 per cent of one class of preference shares and 36.7 per cent of the other, formally announced that it would be voting against the offer.

A spokesman for Lazard Brothers, the merchant bank advising S. Pearson, pointed out yesterday, however, that acceptance by the preference shareholders was not critical to the bid. If the preference holders wished to remain independent the company would simply retain a listing for that class of shares as it will have to do for the loan stock in any case.

Pearson's shares closed 2p down at 228p in the market yesterday and Pearson Longman fell by 5p to 242p.

LCP BUYING MORE LAND

Comley and Pitt, a subsidiary of LCP Holdings, has acquired 31 acres of land adjoining its Pensnett Trading Estate for £650,000 cash. Of this £425,000 has been paid and the balance of £225,000 is payable in April, 1979.

The company has obtained planning permission for the industrial development of 30 acres of this land, which will increase the total developable area of the Pensnett Trading Estate to 240 acres.

SHARE STAKES

Westwood Dawes and Company: Central Manufacturing and Trading Group on August 30 bought 3,700 shares.

Raybeck: Following directors sold their entitlements to the new 10½ per cent preference shares at 99p on August 21: Mr. B. Raven 130,900 beneficial; Mr. A. Simons 90,801 beneficial; Mr. H. Davies 101,342 beneficial; Mr. D. Levy 26,451 beneficial and 8,168 non-beneficial; Mr. J. Perkins 23,928 beneficial and 6,238 non-beneficial; Mr. J. Victor 13,134 beneficial.

Shaw Carpets: Mr. K. G. Wolff, director, bought 1,500 shares at 65p making holding 50,100 shares.

Assam Investments: M and G Endowment and Pensions Assurance Company is interested in 270,000 (5.91 per cent).

Camrex (Holdings): Legal and General has sold 25,000 shares reducing holding to 478,000 shares (4.06 per cent).

Nottingham Brick Company: H. J. Heinz Trust holds 41,250 shares (3.23 per cent).

ASSOCIATES DEALS

J. Henry Schroder Wagg and Company bought 16,000 Imperial Group at 81p on behalf of associates.

E. B. Savory, Milln and Co. bought 15,000 Weston Evans at 156½p on behalf of Johnson and Firth Brown. JFB has now bought some 4 per cent of WE.

J. Henry Schroder Wagg and Company bought 4,750 S. Pearson at 232p on Friday on behalf of associates.

Cement price rise plea in Ireland

Communication is taking place at present between the directors of Cement-Roadstone Holdings and the Irish authorities as to the circumstances in which an immediate increase in the price of cement might be approved.

Last week, as known, the directors warned when reporting first-half taxable profit to July 12, 1978, ahead to £8.9m (£6.62m), that delay in granting the price increase already meant that the results of the group's cement companies would be quite inadequate in the second half.

Sales of cement in the home market during the period had exceeded all expectations with volume growing by 17.6 per cent. The unexpected part of the increase was met by imports which were necessary due to the running in of the new Platin extension.

Despite the large volume rise profits of Cement Limited declined. The application of price control, the rules of which do not cater for investments to improve efficiency, was the major contributory factor the directors say.

The last increase in the base price of cement was in January, 1977, and an application for a price increase in December was rejected. The company reapplied in June and is still awaiting clearance.

"This is unacceptable treatment for an enterprise which last year completed a £40m modernisation and expansion project and whose return on capital invested was less than the group return of 11.6 per cent—a return which is patently too low," the directors comment.

The non-cement manufacturing side which expanded half-year profits by 34.9 per cent, are expected to record a good increase in profits in the second six months and the favourable trend in overseas operations has been forecast to continue.

CLIVE INVESTMENTS LIMITED

1 Royal Exchange Ave., London EC3V 3LU. Tel.: 01-283 1101.

Index Guide as at August 30, 1978 (Base 100 at 14.1.77)

Clive Fixed Interest Capital	129.40
Clive Fixed Interest Income	114.12

ALLEN HARVEY & ROSS INVESTMENT MANAGEMENT LTD.

45 Cornhill, London EC3V 3PB. Tel: 01-623 6314

Index Guide as at September 2, 1978

Capital Fixed Interest Portfolio	100.00
Income Fixed Interest Portfolio	100.00

BARLOW RAND LIMITED

(Incorporated in the Republic of South Africa)

Directors:

C. S. Barlow* (Chairman), A. M. Rosholt* (Vice-Chairman and Chief Executive), K. C. Comins* (Deputy Chairman), G. W. Dunningham* (Deputy Chairman), D. Brown*, G. H. Bulterman*, W. A. M. Clewlow*, Dr. F. J. C. Cronje, D. W. Dyer*, M. E. Gamble* (British), R. J. Goss, N. L. Holford*, S. G. Keatley (British), R. S. Lawrence*, I. G. MacPherson, J. B. Maree*, M. J. Noyce*, A. C. Petersen*, Dr. P. E. Rousseau, S. Rudner*, G. H. Waddell.

Alternate Directors: W. L. Barnes*, D. E. Cooper*, J. C. Hall* (British), A. A. Sealey*
*Executive Director.

RIGHTS ISSUE OF PREFERRED ORDINARY SHARES

(1) The required special and ordinary resolutions were passed at the separate class meetings of ordinary shareholders and of preferred ordinary shareholders and at the general meeting held on 5 September 1978; those special resolutions have been registered by the Registrar of Companies in South Africa and as a result the preferred ordinary shares of 10 cents each which will be the subject of the proposed Rights Issue have been created.

(2) In terms of the announcement made on 11 August 1978 that Rights Issue will be made to the holders of this company's fully paid and partly paid ordinary shares and preferred ordinary shares on the basis of 6 preferred ordinary shares of 10 cents each at 390 cents (in the currency of the Republic of South Africa) per share for every 100 ordinary shares (fully paid or partly paid) and for every 100 preferred ordinary shares registered in their respective names at the close of business on 8 September 1978.

Detailed information in respect of the Rights Issue will be given in the renounceable (nil paid) Letters of Allocation — there will be separate Letters for ordinary and preferred ordinary shares — and a circular letter which will be posted by 22 September 1978.

(3) Application has been made to the Council of the Stock Exchange, London, for the granting of a Listing of the preferred ordinary shares as follows:—

(A) Commencement of Listing for nil paid preferred ordinary shares	Monday 11 September 1978
(B) Deferred settlement date for dealings in Rights from 11 September 1978 to 21 September 1978	Tuesday 26 September 1978
(C) Last date for splitting renounceable (nil paid) Letters of Allocation	Wednesday 11 October 1978 (15.00 hrs)
(D) Issue closes	Friday 13 October 1978 (15.00 hrs)
(E) Share Certificates posted by	Friday 3 November 1978

(4) The Johannesburg Stock Exchange has granted a Primary Listing of the preferred ordinary shares which will be the subject of the Rights Issue.

(5) *Application has been made to the Rhodesian Stock Exchange for a granting of a* Primary Listing of the preferred ordinary shares from Thursday 12 October 1978.

(6) Application has been made to the Paris Stock Exchange for a granting of a Listing of the preferred ordinary shares.

W. C. WARRINER
Secretary
6 September 1978

Registered Office:	Transfer Secretaries:	United Kingdom Registrar:
Barlow Park, Katherine Street, Sandton, 2199, South Africa. P.O. Box 78-2248, Sandton, 2146, South Africa.	Rand Registrars Limited, 2nd Floor, Devonshire House, 49 Jorissen Street, Braamfontein, 2001 - South Africa. (P.O. Box 31719, Braamfontein, 2017 - South Africa).	Lloyds Bank Limited, Registrar's Department, The Causeway, Goring-by-Sea, Worthing, West Sussex BN12 6DA, England.

SINO-VIETNAMESE TENSIONS

A ripple of unease through S.-E. Asia

BY RICHARD COWPER

THE LATEST round of diplomatic talks between China and Vietnam has so far failed to produce any agreement on a solution to the problem of the mass exodus of ethnic Chinese residents out of Vietnam, which has brought the two countries close to a state of war on their mutual border.

The talks between Mr. Hoang Bich Son, the Vietnamese Vice-Foreign Minister and Mr. Chung Hsi-tung, his Chinese counterpart, which started on August 8, have twice been adjourned in the face of what both sides have described as continuing acts of provocation and aggression over the past three weeks.

With tension between the two countries since March centering on a series of border incidents related to the exodus of over 150,000 ethnic Chinese from Vietnam, it was hoped that new high level talks might have helped to narrow the widening rift between the two former allies of the Indo-China war.

Exit visas

Peking accuses Hanoi of forcibly removing ethnic Chinese from their homes inside the Vietnamese frontier and replacing them with Vietnamese troops, while carrying out a general policy of discrimination against its Chinese population. Hanoi accuses China of "enticing and forcing" them to leave.

What is clear is that thousands have gathered at the Friendship Border Pass, 100 miles north-east of Hanoi, since July 12 when Peking closed the border except for holders of entry certificates and Vietnamese exit visas.

As a result a number of cross-border stampedes have been reported in recent weeks, with Vietnam accusing China of refusing to let them across and the Chinese accusing Hanoi of driving them over.

The worst incident appears to have occurred on August 25, when 2,000 Vietnamese Chinese stampeded across the border resulting in several deaths and many injuries. Earlier, on August 12, Vietnamese and Chinese troops were involved in an armed confrontation, which Peking claims took place inside Chinese territory.

Meanwhile the position of over 1.4m Chinese left in Vietnam seems somewhat precarious. It is most unlikely that China would either want or be able to cope with such a large influx. Their main hope lies in the achievement of a political solution to the problem.

But many observers now fear that no agreement will be reached on the issue and they fear that the impasse towards which the two countries are rapidly heading is likely to have severe implications for the future stability of the whole region.

While it is difficult to separate fact from fiction in the slanging match between Peking and Hanoi over who is to blame for the Chinese exodus, it is clear that a Vietnamese campaign to bring socialism to the south by stamping out private trade, a field where overseas Chinese were particularly strong, played a part.

The increasing tension between China and Vietnam over the latter's war with Cambodia, and the very real fears of escalating hostilities on the Sino-Vietnamese border, also served to heighten the ethnic Chinese fears that their position in Vietnam was becoming untenable.

Conflict between the two nations, however, is not new, and many regard the current dispute as the revival of an age-old struggle for regional hegemony. In pre-colonial days, Vietnamese ambitions led it into wars with all its neighbouring states at one time or another, and China, which traditionally regarded most of the countries in the area as vassal states, occupied an unsubservient Vietnam for nearly a thousand years.

Vietnam's current border war with Cambodia and its recent bid to woo the Association of South East Asian Nations (ASEAN) is seen by Peking as part of Hanoi's policy to oust China from what it regards as its traditional sphere of influence, while the Vietnamese see China's support for Cambodia and the cessation of all economic aid to Hanoi as part of Peking's policy of preventing the emergence of a strong Vietnam.

What is new, however, is that this seemingly regional power struggle has become enmeshed in the broader strategic rivalry between China and the Soviet Union. Moscow views Hanoi as a useful ally in its bid to isolate China, while Vietnam, whatever its reservations about becoming too politically tied to Moscow, has increasingly come to see the Soviet bloc as the principal provider of economic aid.

Fearful of what it believes to be a Soviet-inspired threat to its southern flank, China has gone so far as to describe Hanoi's conflict with Cambodia as proof that Vietnam has become the Cuba of Asia. There have also been accusations—most notably from Mr. Zbigniew Brzezinski, the U.S. national security adviser—that the Vietnamese conflict with Cambodia is in reality a "proxy war" between China and the Soviet Union.

Add to all these factors a number of unresolved territorial disputes between China and Vietnam, and it becomes less surprising that relations between these two former allies should have deteriorated to the extent that some observers do not entirely rule out the prospect of a full-scale war.

There has been intense military activity on the border during the past few months and there have been reports that both Vietnam and China have recently reinforced their already massive troop concentrations. It is estimated that Peking has 15 divisions in its southern provinces, while Vietnam has five divisions on its northern front and another 50,000 troops on the border with Laos and 15 divisions in the Mekong delta.

Western observers now believe that most of the 200,000 Vietnamese soldiers demobilised when Saigon fell in 1975 have been called up and in addition to the regular army, which now has more than 1m men, efforts are being made to boost the self-defence militia in each of the country's 500 districts.

Although as yet there is no evidence of a direct Russian military presence in Vietnam, reports that the Soviets are hoping to use the American-built naval base at Cam Ranh bay to link up with the fleet at Vladivostock have added fuel to world suspicions of Russian tactics in the area. For many, Vietnam's decision to join Comecon in July this year, coupled with Peking's announcement that it had cut off all aid to Vietnam, put the final seal on the ideological split between the two governments.

One of the main reasons for Hanoi's shift to the Soviet bloc has been the desperate need to get the Vietnamese economy moving after the disruptions of the war. Over the past two years a combination of drought, typhoons and hard winters has also severely affected agricultural output, especially of grains.

The combined effects of Sino-Vietnamese tension and the border war with Cambodia have only increased the need for outside help, putting a serious strain on the Vietnamese economy and threatening completely to disrupt the five year plan for 1976-80.

New recruitment and increased mobilisation of troops have taken much needed labour out of the economy, and the loss of many skilled Chinese workers has adversely affected certain key sectors, the coal industry being a prime example. With the withdrawal of Chinese aid in July, many of the 80 projects supported from Peking have been halted.

So far Comecon has agreed to take over at least ten of them. Russia is already participating in the construction of 94 projects, with Poland involved in a further eight and East Germany in seven. And all the Comecon countries are helping to build the railway linking Hanoi and Ho Chi Minh city.

Meanwhile, the dispute has had widespread repercussions over the rest of the region. Vietnam, in a flurry of diplomatic activity, has set out to woo members of the Association of South East Asian Nations (a non-Communist alliance which includes Malaysia, Indonesia, Singapore, Thailand and the Philippines).

Hanoi's bid to discredit China has led it into telling regional leaders that Peking's policy towards Vietnamese of Chinese origin is tantamount to using them as a "fifth column" to advance Chinese political ends — thus attempting to revive regional fears that China's noninterventionary policy towards South East Asia's 14m overseas Chinese may be changed. And backed by the Soviet Union, Vietnam has reversesd its previous condemnation of ASEAN. A senior Hanoi official is reported to have stated recently that Vietnam was now ready to join the regional grouping if invited.

While many South-East Asian leaders are extremely cautious in the face of this volte face (Singapore being the most cool) some leaders, notably Tunku Rithaudeen, Malaysia's Foreign Minister, have for some time hoped eventually to enlarge ASEAN to include the three Indo-China nations. Although Vietnam may see its membership as a counterweight to becoming too reliant on the Soviet Union, few, if any, ASEAN countries would be eager to welcome Hanoi if it meant undermining their improved relations with China.

Vietnamese arguments that Peking's interventionist attitude to the overseas Chinese in Vietnam is just the thin edge of the wedge undoubtedly touches a raw nerve in some S.E. Asian capitals, particularly in Jakarta and Kuala Lumpur, both of which have sizeable Chinese minorities. But there is no evidence to show that either country seriously considers that China is about to embark on a major change of policy in this respect.

Testing time

Peking, for its part, has been content to deny the Vietnamese allegations maintaining that it has acted in Vietnam only because of what it calls "outright persecution." China is also quick to point out that it had been pursuing a policy of friendly relations with ASEAN countries long before Vietnam's turnaround, which it says is mere opportunism at Soviet behest.

Whatever the outcome of the present dispute over the Vietnamese Chinese, and it is unlikely that Sino-Soviet or Sino-Vietnamese rivalry in the region will easily be resolved, it is a testing time for the rest of South East Asia, which now has to come to terms with the most serious threat to peace and stability in the area since the end of the Indo-China war.

APPOINTMENTS

Senior Plessey post for Desmond Pitcher

Mr. Desmond Pitcher

Mr. Desmond H. Pitcher, who resigned as managing director of Leyland Vehicles last July, is to join PLESSEY TELECOMMUNICATIONS INTERNATIONAL on October 1 in the newly created post of managing director. He will be responsible to Dr. B. F. Willetts, chairman of Plessey Telecommunications International and a deputy chief executive of the Plessey Group.

Before moving to Leyland Vehicles, Mr. Pitcher was with the Sperry Rand Corporation, where he held the positions of managing director, Univac UK; vice-president (marketing and planning in Europe and Africa), Sperry Univac; and deputy chairman, Sperry Rand Limited.

★

Mr. K. J. Johnson, who joined Dunlop as a director of administration in 1974, has been appointed to the board of DUNLOP HOLDINGS, the parent company of the group. He has been a director of Dunlop Limited, the European operating company, since 1975.

Following a number of senior appointments in the Colonial Administrative Service in Nigeria, Mr. Johnson returned to England in 1961 to join the Confederation of British Industry as head of the economic department, and in 1967 was made director of industrial affairs.

Mr. Johnson joined Courtaulds in 1969 as chairman and managing director of various subsidiaries in the textile trade. In 1973 he was appointed deputy chairman of the Pay board until its abolition in June, 1974.

★

Mr. E. W. Greensmith has retired from the Board of PETER BROTHERHOOD.

★

Mr. H. M. F. Barnes has resigned from the Board of the ALEXANDER HOWDEN GROUP.

★

Mr. N. H. Castle has retired from S. AND W. BERISFORD.

★

Mr. W. Mackness has been appointed financial controller and head of administration of LABGEAR, a Pye Group company.

★

Mr. G. J. Woolger and Mr. N. W. May have been appointed members of the NATIONAL GAS CONSUMERS' COUNCIL until June 30, 1981.

★

Mr. T. M. Silvey has been appointed managing director of THOMAS SILVEY.

★

Mr. Stuart Miller has been appointed managing director of LINER-CROKER. He was previously deputy managing director of Space Decks.

★

Mr. Stephen Young has been appointed managing director of Hayes Mill in succession to Mr. F. S. Brady, who continues as a director with special responsibility for merchant sales. Mr. Young has been replaced as works director of Matherson-Selig by Mr. Robert Stimpson. Mr. John Pike has become a director of Harrisons Technical and Engineering Services. The companies are members of the HARRISON GROUP.

★

The BILLSON ALLOYS GROUP has appointed Mr. Donald Storr as managing director of its ferrous scrap division. Mr. Storr was formerly a director of Allen Rowland and Co., a subsidiary of the J. Saville Gordon Group. He will be based at the Lichfield depot of John Taylor (Alloy Steels).

★

Mrs. Daphne Moody, travel manager of H. Clarkson Insurance Holdings, has been appointed by the Civil Aviation Authority to serve on the AIR TRANSPORT USERS COMMITTEE.

★

Mr. Robert Lambert has been appointed divisional general manager, international division, BARCLAYS BANK INTERNATIONAL. He was formerly senior executive vice president, Barclays Bank of California, San Francisco.

★

Mr. E. W. Baker, who joined LONDON BRIDGE ENGINEERING as deputy managing director earlier this year, has been appointed managing director.

★

Mr. M. W. Rutherford has been appointed an assistant director of LESLIE AND GODWIN (UK). He will be in charge of marketing having previously been a marketing representative with IBM (UK).

★

Mr. Fiennes Cornwallis has been appointed chairman of the Smaller Firms Council of the CONFEDERATION OF BRITISH INDUSTRY. He was previously deputy chairman and he succeeds Mr. Tom Lyon, chairman for the past four years, who remains on the council as immediate past chairman. Mr. Cornwallis runs a small consultancy, Northinvest, which specialises in property, agricultural finance and taxation matters. He is also chairman of the Town and Country Building Society.

CURRENCY, MONEY and GOLD MARKETS

Dollar makes slight recovery

Conditions in yesterday's foreign exchange market were somewhat easier than on Monday with the U.S. dollar starting the day with a slightly softer look. Whether or not there was any official intervention to support the dollar was rather difficult to detect, but the easier trend appeared to be well maintained. After the opening of markets in the U.S. some selling did develop, but this was quickly taken out with a general demand developing for the U.S. currency. However, market sentiment still views the dollar with a good deal of uncertainty and currency movements still tend to be a little erratic.

Against the Swiss franc, the dollar was down to SWFr 1.5900 at one point before recovering to touch SwFr 1.6250 and closing at SwFr 1.6200, compared with Monday's close of SwFr 1.6120. On Morgan Guaranty figures at noon in New York, the dollar's trade weighted average depreciation stood at 9.2 per cent.

The West German mark eased to DM1.9830 from DM1.9800 previously after touching 1.9690 at one stage and dipping to DM1.9850. Movement in the Japanese Yen was less pronounced and it closed in dollar terms at Y190.10 compared with Y190.35 having been as high as Y189.0. Sterling traded on the sidelines and moved from an opening level of $1.9450 to $1.9490 before the improving dollar pushed the rate back through $1.9425 to touch a low of $1.9400. At the close the pound had made a slight recovery to $1.9420-1.9430, a loss of 40 points from Monday's close.

Although there was no pressure on sterling, there may have been a little apprehension ahead of any possible announcement over the timing of a general election. Using Bank of England figures, the pound's trade weighted index finished unchanged at 62.3 having shown a slightly softer tendency at noon at 62.2. The morning calculation stood at 62.3.

FRANKFURT — The dollar was fixed at DM 1.9790 compared with the previous fixing of DM 1.9721. This showed a slight improvement over an early morning level of DM 1.9704 and with trading still at a generally low level there was little significance behind the dollar slight rise. However, during the afternoon conditions became more lively and the dollar continued to rise to DM 1.9830 near the close. Against 22 other currencies the Bundesbank trade weighted mark revaluation index was unchanged at 147.5.

PARIS — The dollar was stronger against most major currencies in fairly quiet trading. However, there did not seem to be any apparent reason for the renewed dollar demand. The U.S. currency was quoted at Fr4.34 compared with Fr4.3175 in the morning and Fr4.3160 late on Monday. Sterling was also firmer at Fr8.4240 against Fr8.3965 earlier on and Fr8.4160 on Monday.

ZURICH — Trading conditions remained nervous although by mid-morning the dollar had risen above its lowest point during the early part with some sources not ruling out the possibility of slight central bank intervention. The dollar was quoted at SwFr 1.6092½ compared with SwFr 1.5910 previously.

MILAN—After an easier start, the dollar recovered against the lira to be fixed at L831.05 after L826.85 early on and L829.45 on Monday.

TOKYO—The dollar seemed all set for another steep fall against the Japanese yen, but as selling developed, the Bank of Japan became anxious to ascertain where the selling was coming from. The apparent concern was enough to check the dollar's slide. Nevertheless, the U.S. currency closed at Y189.80 compared with Y190.70 on Monday.

THE POUND SPOT / FORWARD AGAINST £

Sept. 5	Bank rate %	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
U.S. $	7¾	1.9400-1.9490	1.9420-1.9430	0.55-0.45c pm	3.09	1.47-1.37c pm	2.92
Canadian $	9	2.2350-2.2415	2.2355-2.2365	0.65-0.55c pm	2.95	1.50-1.40c pm	2.59
Guilder	4½	4.16½-4.18	4.17¾-4.18¾	2⅞-1⅞ c pm	6.81	6⅞-5⅞ c pm	6.10
Belgian F.	6	60.50-60.85	60.70-60.80	25-10 c pm	2.48	65-50c pm	3.12
Danish K.	8	10.58-10.62	10.60½-10.61½	1¼-3¾ ore dis	−2.85	2¼-4¼ ore dis	−1.41
D-Mark	3	3.83½-3.88½	3.85-3.86	3⅛-2⅞pf pm	8.17	8½-7½ pf pm	8.17
Port. Esc.	18	87.25-88.50	88.10-88.50	75-175 c. dis	−16.99	240-510 c. dis	−16.41
Span. Pes.	8	142.40-142.65	142.50-142.60	120-220 c dis	−14.31	220-520 c. dis	−7.58
Lira	10½	1,612-1,618	1,615½-1,616½	1-3 lire dis	−1.49	6-8 lire dis	−1.75
Nrwgn. K.	7	10.12-10.16½	10.14-10.15	1 ore pm-1 dis	0.59	3½-1½ ore pm	0.89
French Fr.	9½	8.40½-8.44½	8.43¼-8.44¼	2½-1½ c pm	3.20	6-5 c. pm	2.61
Swedish Kr.	6½	8.58½-8.60½	8.59-8.60	3¼-1½ ore pm	5.49	9-7 ore pm	3.72
Yen	3½	367-375	369-371	3.50-3.00 y pm	10.22	4.75-3.45 y pm	3.30
Austria Sch	4½	27.70-27.90	27.80-27.85	15-5 gro pm	4.31	38-28 gro pm	4.74
Swiss Fr.	1	3.10-3.16½	3.14¼-3.15¼	3⅛-2⅛ c pm	11.44	9½-8½ c. pm	10.98

Belgian rate is for convertible francs. Financial franc 62.70-62.80.

Six-month forward dollar 2.55-2.75c pm. 12-month 5.10-5.00c pm.

THE DOLLAR-SPOT / FORWARD AGAINST $

September 5	Day's spread	Close	One month	% p.a.	Three months	% p.a.
Canadian $*	0.8680-0.8693	0.8680-0.8683	0.04-0.02c dis	−0.38	0.08-0.05c dis	−0.30
Guilder	2.1392-2.1525	2.1510-2.1525	0.74-0.64c pm	3.59	1.79-1.74c pm	3.30
Belgian Fr	31.05-31.27	31.25-31.27	3.5-2c pm	0.53	9-7c pm	1.03
Danish Kr	5.4410-5.4550	5.4530-5.4550	—		—	
D-Mark	1.9715-1.9828	1.9818-1.9828	0.95-0.90pf pm	5.12	2.71-2.66pf pm	5.39
Port. Es	—	73.27-73.32	—		—	
Lira	829.35-831.60	831.20-831.60	3.05-3.45lire dis	−4.07	9.00-9.75lire dis	−4.29
Nrwgn. Kr	5.2020-5.2235	5.2215-5.2235	—		—	
French Fr	4.3150-4.3410	4.3370-4.3410	0.10-par	0.25	0.02c dis-0.08c pm	par
Swedish Kr	4.4135-4.4280	4.4260-4.4280	—		—	
Yen	189.15-190.30	190.10-190.30	1.20-1.10y pm	6.20	3.10-3.00y pm	6.32
Austria Sch	—	14.2450-14.2550	—		—	
Swiss Fr	1.5930-1.6165	1.6150-1.6165	1.20-1.16c pm	8.07	3.31-3.27c pm	8.28

* U.S. cents per Canadian $.

CURRENCY RATES

September 4	Special Drawing Rights	European Unit of Account
Sterling	—	0.667650
U.S. dollar	—	1.30218
Canadian dollar	—	1.49600
Austrian schilling	—	18.5218
Belgian franc	—	40.4146
Danish krone	—	7.06199
Deutsche Mark	—	2.56644
Guilder	—	2.78690
French franc	—	5.61228
Lira	—	1079.21
Yen	—	247.487
Norwegian krone	—	6.76168
Peseta	—	95.2834
Swedish krona	—	5.74315
Swiss franc	—	2.08438

CURRENCY MOVEMENTS

September 5	Bank of England Index	Morgan Guaranty changes %
Sterling	62.29	−41.1
U.S. dollar	84.22	−9.2
Canadian dollar	81.77	−15.6
Austrian schilling	140.55	+17.7
Belgian franc	110.78	+12.2
Danish krone	114.05	+4.8
Deutsche Mark	142.03	+36.4
Swiss franc	203.36	+94.5
Guilder	119.88	+17.8
French franc	99.93	−4.2
Lira	55.98	−47.0
Yen	153.50	+53.6

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100)

OTHER MARKETS

Sept. 5	£	$		£ Note Rates
Argentina Peso	1,621-1,625	834.49-836.55	Austria	27.30-28.30
Australia Dollar	1.6815-1.6885	0.8656-0.8692	Belgium	62.30-63.30
Finland Markka	7.90½-7.92	4.0685-4.0705	Denmark	10.55-10.70
Brazil Cruzeiro	36.08-37.06	18.564-19.079	France	8.37-8.47
Greece Drachma	71.027-72.766	36.564-37.460	Germany	3.80-3.90
Hong Kong Dollar	9.20-9.22½	4.7310-4.7340	Italy	1585-1615
Iran Rial	134-140	68.84-71.924	Japan	370-380
Kuwait Dinar (KD)	0.527-0.537	0.2707-0.2759	Netherlands	4.12-4.22
Luxembourg Franc	60.70-60.83	31.274-31.300	Norway	10.12-10.22
Malaysia Dollar	4.44-4.45	2.2850-2.2860	Portugal	83-92
New Zealand Dollar	1.8384-1.8474	0.9464-0.9510	Spain	141½-145
Saudi Arabia Riyal	6.41-6.51	3.2931-3.3445	Switzerland	3.10-3.20
Singapore Dollar	4.35-4.36	2.2410-2.2510	United States	1.94-1.95¼
South African Rand	1.6627-1.7087	0.8645-0.8778	Yugoslavia	38.00-41.00

Rate given for Argentina is free rate.

EXCHANGE CROSS-RATES

Sept. 4	Pound Sterling	U.S. Dollar	Deutsche Mark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.945	3.855	370.0	8.438	3.148	4.183	1614.	2.236	60.75
U.S. Dollar	0.515	1.	1.985	190.5	4.344	1.620	2.153	830.9	1.151	31.27
Deutsche Mark	0.259	0.504	1.	95.98	2.189	0.816	1.085	418.7	0.580	15.76
Japanese Yen 1,000	2.703	5.250	10.42	1000.	22.80	8.507	11.30	4362	6.043	164.2
French Franc 10	1.185	2.302	4.569	438.5	10.	3.730	4.957	1913.	2.650	72.00
Swiss Franc	0.318	0.617	1.225	117.6	2.681	1.	1.329	512.8	0.710	19.30
Dutch Guilder	0.239	0.464	0.922	88.46	2.017	0.753	1.	385.9	0.535	14.52
Italian Lira 1,000	0.620	1.204	2.388	229.2	5.228	1.950	2.591	1000.	1.385	37.64
Canadian Dollar	0.447	0.869	1.724	165.5	3.773	1.401	1.871	721.8	1.	27.17
Belgian Franc 100	1.646	3.198	6.346	609.1	13.89	5.181	6.885	2657.	3.681	100.

EURO-CURRENCY INTEREST RATES*

Sept. 5	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	N.A.	8¼-8⅜	8¼-9¼	5-5¼	½-⅝	3⅜-3½	7⅝-7⅝	11-15	—	5⅞-7⅛
7 day's notice	N.A.	8¼-8⅜	8¼-9¼	5-5¼	½-⅝	3⅜-3½	7⅜-7⅝	12⅝-13⅝	8½-8⅝	5⅜-2⅝
Month	11¼-11⅝	8⅞-8⅞	8⅞-9⅞	4¾-5	⅝-⅝	3⅜-3⅜	8⅛-8⅝	12¼-13¾	8⅞-8⅞	2-2⅛
Three months	11¾-12	8¾-9	9-9⅜	5⅜-5⅝	⅝-⅞	3⅞-3⅞	8¾-9	12⅛-13⅞	8⅞-9	2⅛-2⅞
Six months	12⅛-12⅝	9⅛-9⅜	9⅜-9⅜	5⅞-6⅛	1-1⅛	3⅝-3⅞	9¼-9½	13-14	9⅛-9⅜	2¾-3⅛
One year	12-12¼	9⅛-9⅞	9⅞-9⅞	6-6¼	1⅛-1⅜	3⅝-3⅞	10⅛-10⅜	13½-14⅛	9¼-9⅜	5⅛-5½

The following nominal rates were quoted for London dollar certificates of deposit: One month 8.45-8.55 per cent; three months 8.55-8.60 per cent; six months 8.75-8.85 per cent; one year 8.85-8.95 per cent.

Long-term Eurodollar deposits: two years 9⅜-9⅜ per cent; three years 9⁵⁄₁₆-9⁷⁄₁₆ per cent; four years 9½-9¾ per cent; five years 9½-9⅝ per cent nominal closing rate. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two days' notice for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Belgian rates left unchanged

The rate on Belgian four-month bond papers was left unchanged at 7.10 per cent following Tuesday's auction. The Belgian National Bank also left one, two and three-month Treasury certificates unchanged at 6.75 per cent, 6.90 per cent and 7 per cent respectively. There is now a general feeling that at today's meeting of the Central Bank Board, the discount and lombard rates will be left at 6 per cent. In recent months the Belgian authorities have found it necessary to boost interest rates as a means of supporting the Belgian franc within the European currency float or "snake."

Deposit rates for the Belgian franc (commercial) were quoted at 5½-6½ per cent for call money, 6½-6⅞ per cent for one-month and 7½-7¾ per cent for three-month. Deposits for six-month were at 7½-7⅞ per cent while the rate for 12-month stood at 7⅞-7¾ per cent. Call money was again slightly easier at 5.65 per cent compared with 5.70 per cent on Monday.

NEW YORK—Treasury bills were slightly easier with 13-week bills at 7.63 per cent compared with 7.659 per cent averaged at Friday's auction while 26-week bills were quoted at 7.72 per cent from 7.742 per cent at the auction. One year bills eased to 7.86 per cent against 7.89 per cent. One-month certificates of deposit rose to 8.17 per cent from 8.15 per cent, two-month 8.32 per cent against 8.30 per cent and three-month 8.44 per cent compared with 8.43 per cent. Federal funds showed little change and were trading at around 8⅞ per cent.

High-grade commercial paper was quoted at 7.95 per cent for 30 days, 8 per cent for 60 days and 8.05 per cent for 90 days. Bankers acceptance offered rates stood at 8 per cent for 30 days, 8.05 per cent for 60 days, 8.15 per cent for 90 days, 8.25 per cent for 120 days, 8.30 per cent for 150 days and 8.35 per cent for 180 days.

FRANKFURT—Once again interbank money market rates were unchanged from 3.5 per cent for call money through to 4.05 per cent for six-month funds. In the final week of August the net central currency reserves of the Bundesbank fell a slight DM 100m to DM 86.9bn while other reserve assets remained at DM 5.3bn.

PARIS—Call money was slightly firmer at 7½ per cent compared with 7¼ per cent on Monday. One month money was unchanged at 7½-7⅝ per cent as was the three-month rate at 7⅝-7¾ per cent.

AMSTERDAM—Rates were generally mixed with call money easing to 5-5¼ per cent from 5¼-5½ per cent and the one-month also down at 5¼-5⅜ per cent against 5½-5⅝ per cent previously.

HONG KONG—Conditions in yesterday's money market were tight, with call money at 5⅜ per cent, unchanged from Monday, and overnight business at 5/ per cent from 5¼ per cent previously.

GOLD

Weaker tendency

Gold lost ground in the London bullion market yesterday to finish $1¼ an ounce down at $209¾-210¼. Apart from a basic lack of interest in the metal, its performance tended to mirror the performance of the U.S. dollar with the latter moving favourably during the latter part of the day. Gold opened at $211¾-212¼ and was fixed during the morning at $211.20. At the afternoon fixing however, the metal slipped to $209.45.

In Paris the 12½ kilo bar was fixed at Fr29,375 per kilo ($210.98 per ounce) compared with Fr29,350 ($211.31) in the morning and Fr29,420 ($212.18) on Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM13,420 ($210.92 per ounce) compared with DM13,450 ($212.04) previously.

	Sept. 5	Sept. 4
Gold Bullion (a fine ounce)		
Close	$209¾-210¼	$211-211½
Opening	$211¾-212¼	$212¼-213
Morning fixing	$211.20 (£108.686)	$212.50 (£108.919)
Afternoon fixing	$209.45 (£107.755)	$211.60 (£108.434)
Gold Coins domestically		
Krugerrand	$216¼-218¼ (£111¼-112¼)	$218½-220½ (£112¼-113½)
New Sovereigns	$60½-62½ (£31-32)	$59½-61½ (£30½-31½)
Old Sovereigns	$61½-63½ (£31½-32½)	$61½-63½ (£31½-32½)
Gold Coins internationally		
Krugerrand	$215½-217½ (£110¾-111¾)	$216½-218½ (£111¼-112¼)
New Sovereigns	$57½-59½ (£29½-30½)	$58-60 (£29½-30½)
Old Sovereigns	$61½-63½ (£31½-32½)	$61½-63½ (£31½-32½)
$20 Eagles	$309½-311½	$310½-315½
$10 Eagles	$162-166	$165-169
$5 Eagles	$112-116	$116-119

UK MONEY MARKET

Moderate assistance

Bank of England Minimum Lending Rate 10 per cent (since June 8, 1978)

Once again conditions in the London money market were generally subdued with the authorities taking out an eventual surplus by selling a moderate amount of Treasury bills all direct from the discount houses. Indications were that this may have been slightly overdone with banks probably taking forward run down balances, as in fact they had done to yesterday.

Discount houses were paying 8½-8¾ per cent for secured call loans at the start and closing balances were taken between 8 per cent and 9 per cent.

Factors affectnig the market were all comparatively insignificant. There was a very small increase in the note circulation and a very negligible net take up of Treasury bills. On the other hand there was a small excess of Government disbursements over revenue transfers to the Exchequer.

In the interbank market, overnight loans opened at 8½-8¾ per cent and eased to 8-8½ per cent before climbing through 8½-8¾ per cent to close at 9-9¼ per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Sept. 5 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ф	Eligible Bank Bills ф	Fine Trade Bills ф
Overnight	—	8-9¼	—	—	—	9¼	8-8½	—	—	—
2 days notice	—	—	8⅝	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	9¼	—	—	—	—
7 days notice	—	8½-8⅝	8¾	—	9⅛	—	8⅝-8½	—	—	—
One month	9⅛-8⅞	8⅞-9	9	9¼-9⅛	9½	9¼	8¾-8⅞	8⅞	9	9⅝
Two months	9⅜-9⅛	9⅛-9¼	—	9¼-9⅜	9¾	—	9	8⅞-9	9⅛	9⅝
Three months	9⅜-9¼	9⅛-9⅜	9¼-9⅜	9-9⅛	10	9⅝	9	8⅞-9⅛	9⅛	9⅝
Six months	9⅜-9½	9⅜-9⅝	9⅝	9¼-9½	10¼	—	—	—	9⁷⁄₁₆-9⅝	10
Nine months	9⅝-9⅞	9⅝-9⅞	—	9⅞-10	10⅜	—	—	—	—	—
One year	9⅞-9⅞	9⅞-10	10-10⅛	9⅞-10⅛	10½	—	—	—	—	—
Two years	—	—	10⅞-11¼	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days fixed. * Longer-term local authority mortgage rate nominally three years 11½-11¾ per cent; four years 12-12¼ per cent; five years 12½-12¾ per cent. ф Bank bill rates in table are buying rate for prime paper. Buying rates for four-month bank bills 9½-9⁵⁄₁₆ per cent; four-month trade bills 9¾ per cent.

Approximate selling rates for one-month Treasury bills 8⅞ per cent; and two-month 8 per cent; and three-month 8-8¹⁵⁄₁₆ per cent. Approximate selling rate for one-month bank bills 8¹⁵⁄₁₆ per cent; two-month 8³¹⁄₃₂-9¹⁄₁₆ per cent; and three-month 9⁵⁄₃₂ per cent. One-month trade bills 9⅜ per cent; two-month 9½ per cent; and also three-month 9⅝ per cent.

Finance House Base Rates (published by the Finance Houses Association) 10 per cent from September 1, 1978. Clearing Bank Deposit Rates (for small sums at seven days' notice) 6-7 per cent. Clearing Bank Base Rates for lending 10 per cent. Treasury Bills: Average tender rates of discount 8.9488 per cent.

MONEY RATES

NEW YORK	
Prime Rate	9.25
Fed Funds	8.9375
Treasury Bills (13-week)	7.63
Treasury Bills (26-week)	7.72
GERMANY	
Discount Rate	3
Overnight	3.5
One month	3.55
Three months	3.7
Six months	4.05
FRANCE	
Discount Rate	9.5
Overnight	7.5
One month	7.3125
Three months	7.4375
Six months	7.8125
JAPAN	
Discount Rate	3.5
Call (Unconditional)	4.5
Bills Discount Rate	4.625

INTERNATIONAL FINANCIAL AND COMPANY NEWS

AMERICAN NEWS

Ecopetrol drive to boost oil output

By Hugh O'Shaughnessy

ECOPETROL, the Colombian State oil company is to launch its *biggest ever exploration* effort and drill 140 new wells at the cost of 15bn pesos, nearly $400m.

The aim is to reverse the decline in Colombian oil output which has turned the country from a *net exporter* to an oil importer over the past three years.

Thirteen wells are to be drilled this year at a cost of nearly $22m and activity will rise till in 1982 49 wells will be sunk at a cost of $121m.

Colombia's current production is less than 140,000 barrels a day and imports amount to a further 30,000 barrels a day which cost last year some $230m.

The mines and Energy Minister, Sr. Alberto Vázquez Restrepo, announcing the plan, said that the aim was to make Colombia self-sufficient in oil as soon as possible. In the past Ecopetrol has been unable to finance any major exploration programmes as petrol prices have been pegged too low to allow the company to achieve a surplus. Over the past year, however, the price of oil has been allowed to rise substantially.

The number of wells that the Government announced would be drilled up to 1982 does not include those which could be sunk by private oil companies acting as contractors for the state concern.

Meanwhile, Inter Press Service reports that the lower house of congress in Bogota is investigating the trading activities *of Ecopetrol* and the managership of its president Sr. Juan Francisco Villareal.

Option trading in Bally sustained by Amex move

BY DAVID LASCELLES NEW YORK, Sept. 5

THE OPTIONS trading industry, whose future is currently being studied by the SEC, has used the opportunity of disarray in the gambling stocks market to show that it can protect the market in emergencies.

Following serious trading losses at the end of last week by a market maker in Bally Manufacturing options, the American Stock Exchange (Amex), New York's second stock exchange, got a group of other market makers to contribute capital and personnel to form a new "coalition" trading unit in order to keep trading in Bally options going.

Under the Amex options system, dealers are given exclusive franchises to make markets in certain options. But in return they bear responsibility for maintaining an orderly market in their options.

The crisis was precipitated by the sharp *fluctuations* in gambling stocks last week which left Bally's exclusive option maker, Weiskopf Silver and Company unable to sustain orderly trading.

Weiskopf Silver sold short to meet booming demand, and then covered itself, only to see the market collapse as confidence in gambling stocks evaporated, following cautionary announcements from several brokers, and the imposition of 75 per cent *margin requirements by both the* New York and American Stock Exchanges.

Trading was hectic. Last Friday nearly 26,000 contracts were made in Bally options, compared to a daily average of less than 10,000 for the rest of August.

But the rescue *operation* appears to have worked. Trading in Bally options was reported to be normal today, the first day of trading since the crisis, and Weiskopf Silver was said to be *out of financial jeopardy.*

The incident—the most spectacular in recent years—is bound to figure in the SEC's assessment of whether options trading should be allowed to expand. At the moment, neither of the biggest stock markets, the NYSE and the National Association *of* Securities Dealers (NASDAQ) has been allowed to deal in options, and only three others beside the Amex and Chicago have this right.

The incident highlights *in* particular the relative merits of the Amex exclusive system and the Chicago system where several members compete to make a market in a given option *but bear no responsibility to* maintain that market. The Chicago system is said to offer the *advantage of numbers,* which gives the market a broader base than the Amex. On *the other hand, the Amex system* guarantees the existence of a market, even in conditions where *Chicago market makers might* be tempted to "walk away."

Equity Funding deals penalised

BY STEWART FLEMING NEW YORK, Sept. 5.

FOUR INVESTMENT companies and an investment analyst have *been penalised for dealing in the* shares of Equiyt Funding just before the scandal surrounding *its insurance policies broke in* 1973.

The companies—Boston Co. Institutional Investors, John W. Bristol, Manning and Napier, and *Tomlin, Zimmerman and* Parmalee—have been censured by a Securities and Exchange *Commission administrative law* judge, while Mr. Raymond Dirks, the analyst who uncovered the insurance fraud, has been ordered to be suspended from the brokerage business for 60 days.

Then penalties have been imposed by Julge David J. Markun who ruled that the defendants violated the provisions of *Federal "insider trading" laws* when they sold their shareholdings in Equity Funding Corpora*tion of America after hearing* reports that a major fraud within the company was unfolding.

The judge found that each of the securities firms sold shares in Equity Funding while aware that the information on which they based their decisions came from inside the company, and that they made the sales without disclosing the rumours to purchasers or to the public.

Equity Funding, a large, *quoted Los Angeles-based insur*ance company, fabricated insurance policies to boost its *sales and commissions. In the* wake of the disclosure of the fraud, it was put into bankruptcy *proceedings,* was *reorganised* and emerged in 1973 as Orion Capital Corporation.

New stake taken in Abitibi Paper

By Robert Gibbens

MONTREAL, Sept. 5.

MR. *MAURICE STRONG,* former senior United Nations official and a former head of *Power Corporation of Canada,* has emerged in partnership with Toronto businessman Mr. Paul Nathanson and HCI Holdings of Toronto, as the largest single shareholder in Abitibi Paper, the world's largest newsprint producer.

Jointly, the have bought *through the market* 1.8m Abitibi shares at an average of about C$17 per share, saying that the acquisitions are for investment purposes. However, they add that they may buy more Abitibi shares if market conditions are suitable.

The Abitibi holding represents nearly 10 per cent of Abitibi's outstanding shares. Mr. Strong recently retired as chairman of the national oil company, Petro-Canada.

Dow Chemical expansion

MIDLAND, Sept. 5.

DOW CHEMICAL will experience "a golden era" starting in 1981 when it completes a multi-year multi-billion dollar capital spending programme, forecasts Mr. Paul Oreffice, president and chief executive. Last year Dow spent $1.16bn, mostly to expand facilities worldwide. This year it expects to make slightly more than $1bn in capital outlays and plans to match that amount in 1979.

Most of the company's spending is for major plant construction projects, including a previously announced crude oil processing unit in Brazosport, Texas, a hydrocarbon project in Plaquemine LA, and an *integrated petrochemical* pipeline and field project in Alberta, Canada. All of these *projects are expected to begin* operation sometime between late 1979 or mid-1980.

As a *consequence,* Mr. Oreffice said the huge outlays the company is currently *making to finance and build* those facilities are together with pricing problems "having *a major impact on the com*pany's earnings."

Once most of that spending *is* complete, the president expects the company to experience earnings growth at about *10 per cent a year.*

"Earnings growth in the 1981-85 period ought to be at least that good," he predicted.

AP-DJ

Medusa agrees revised offer

CLEVELAND, Sept. 5

MEDUSA'S directors have agreed in principle to merge with Crane under an altered version of Crane's original offer.

Crane's tender offer of $50 a share for as many as 760,000 shares still stands. For those who want a tax-free transaction, the securities package was altered to give Medusa shareholders more say in Crane operations but a lower dividend.

Medusa holders will have the option to swap each share of Medusa common for 0.25 share of $8.50 voting preferred, plus 0.25 share of $6 convertible preferred stock. Crane previously *offered* 0.35 share of $8 preferred stock and 0.15 share of $6 convertible pre*ferred.*

The revised package will pay $3.625 in dividends *annually, while the original* package would have paid $3.70. Medusa pays 50 cents *quarterly.*

Analysts estimate that the merger plan is valued at *between $145m and $150m,* including shares already held by Crane.

AP-DJ

Continental Illinois

Continental Illinois Corporation's directors have raised the *quarterly dividend from* 33 cents to 36 cents a share, payable November 1, on record *September 29, Reuter reports* from Chicago.

EUROBONDS

DM sector again firm

By Mary Campbell

DOLLAR BONDS continued to mark time yesterday but the D-Mark sector continued firm. Australia's D-mark issue has been increased in size from the scheduled DM200m to DM250m and priced at par with the coupon set at the indicated 6 per cent. It was yesterday trading at a discount of between ⅜ and ⅝ of a point.

The Development Bank of the Philippines is planning to launch a *7m Kuwaiti* dinar issue next weekend. The issue is likely to offer an 8½ per cent coupon on *a 12-year final maturity with a* bondholders' opetion to redeem after seven years. Lead managers would be Kuwait International Investment Company, Abu Dhabi Investment Company and Merrill Lynch International. A purchase fund will operate in the first four years.

Ramadan has kept the Middle East markets quiet for the last few weeks.

This *would* be the first-ever bond issue to be offered by the Development Bank of the Philippines. *It is State guaranteed The* Philippines has itself issued two Kuwaiti dinar issues and one *Bahraini dinar issue previously.*

Volker Stevin sees increase in profits

BY CHARLES BATCHELOR AMSTERDAM, Sept. 5.

THE PLANS to merge the two Dutch construction groups, Stevin and Adriaan Volker, were unveiled today. A new joint *holding company* to be called Volker Stevin is to be formed.

The new company will be one *of the top five contractors in* Europe and it expects to make net profit of Fl 85-90m. ($39-$42m) this year. This compares with combined net profits last year for the two groups of Fl 71.3m. Stevin expects profits to be slightly higher than the Fl 31.3m last time while Volker expects a considerable increase on its profit of Fl 40m in 1977

The new company will have a turnover of Fl 2.9-3.0bn ($1.36bn) in 1978, only slightly up on combined turnover of Fl 2.8bn last year. It will have assets of Fl 650-700m and a workforce of 22,000

The merger, which is expected to go through in the second half of October, will depend on acceptances from holders of at least 90 per cent of the shares of the two firms. However, the companies retain the right to go *ahead if this condition is not* met.

Under the share exchange to *establish* the new holding company, 1½ Ordinary shares/certificates of Fl 20 nominal Volker *Stevin and one Fl 20* nominal subordinated convertible debenture of Volker Stevin will be *offered for each Volker Fl 20* nominal share. One Ordinary Volker Stevin *will* be offered for each Stevin Fl 20 nominal share while Fl 1,000 cash will be offered for each Fl 1,000 nominal Stevin preference share.

The offer will only go through *when a number* of conditions have been complied with, the companies said in a joint statement. These conditions are largely of a formal nature involving changes in the statutes of the two companies.

The new holding company aims to at least hold its share of the Dutch construction market and to expand abroad. Mr. Klaas Van Exter, chairman of Stevin, told a press conference. The two companies policies are compatible and the managements have decided they can work together.

Volker Stevin hopes to be operational by the end of this year but it will be some time before the divisions are fully integrated. Volker expects its investigation of a planned link with the agro-industrial firm, HVA, to be completed within a month.

Stevin's largest shareholder, the Dutch businessman Mr. Pieter Heerema *is in favour of* the deal. His stake in the new company will be about 25 per cent but he *will limit his voting* share to 10 per cent, with the rest being administered by a trust office.

First half growth at Nationale Nederlanden

BY OUR FINANCIAL STAFF

INCREASED NET profits for the *first-half of 1978 together with a* higher interim dividend were announced yesterday by Nationale Nederlanden, Holland's largest insurance company.

Profits after tax have risen from Fl 86.8m to Fl 99.7m *($46m) and the company says it* expects for 1978 as a whole to "at least maintain" profits per *share despite the recent rights* issue. The interim dividend is Fl 2.40, against Fl 2.04 a share.

Turnover for the six months is 12 per cent higher at Fl 3.01bn. *Insurance income rose by 10.8* per cent and income from investments and other activities was 15.2 per cent ahead.

The contribution from international activities to turnover *was depressed by the decline in* foreign currencies, particularly the dollar, against the guilder. *The share of foreign operations* fell to around 36 per cent from 37.5 per cent. The company points out that the profit rise is due to higher results from life insurance, investments and particularly *from miscellaneous* activities and professional reinsurance Indemnity insurance results were *little changed. First* half costs rose 5.3 per cent.

When reporting interim figures at the end of last week, another major Dutch insurer, Amev, repeated its forecast that profits for 1978 would emerge some 15 per cent ahead. The results will include a first time contribution from the recently acquired Tiem Holdings.

French electronics move

BY DAVID WHITE PARIS, Sept. 5.

RHONE-POULENC, the French chemical is to go into a joint venture with the Government's Atomic Energy Commission to make base matetrials for electronic components.

The move is one of a series of Government-guided efforts to strengthen the French role in the micro-electronics industry in the face of U.S. and Japanese domination of world markets.

Details of the joint venture —the amount of investment involved, the scope of its activities and even its name—have yet to be finalised.

The company is expected to be based in Grenoble, where the Atomic Energy Commission has a big research unit, the Centre for Nuclear Studies, as well as a semi-conductor venture formed recently on a 50-50 basis with the electronics group, Thomson-CSF.

The Thomson joint venture, EFCIS, is expected to use technology acquired under an agreement with *Motorola of the U.S.* in the development of metal oxide semi-conductors.

In a parallel move, the Government is also involved in promoting efforts aimed at setting up another transatlantic link in the field of integrated circuits through the participation of the giant Saint-Gobain-Pont-a-Mousson Group and other French interests.

THE FRENCH watch group Framelec, formed recently under the aegis of the French Government to consolidate the French watch industry, said today that it had lifted to 75 per cent from 12 per cent, its interest in Montrelec, a French company which makes electronic components for watches, reports AP-DJ from Paris.

Maremont foresees peak

BY JOHN WICKS ZURICH, Sept. 5.

RECORD SALES, net income and per-share earnings are expected by Maremont Corporation of Chicago, the U.S. car parts specialist, for the third quarter and the first nine months of this year. This forecast was made in Zurich today by Mr. Richard B. Black, the company's president. It points to best-ever figures for 1978 as a whole.

Both shock absorbers and exhaust systems, as Maremont's major product lines, are contributing to growth. In this connection, Mr. Black said that the group's "Gabriel" shock-absorber line is expanding rapidly in Europe, with Gabriel's European sales running 60 per cent above last year's levels.

Old lady of Paris looks to her future

By David Curry

PARIS, Sept. 5

THE OLD lady is 91, she show the wrinkles or her age a when the weather is damp makes her joints ache. B despite the novelties of new and les intimidating bell she still symbolises f millions the seductiveness Paris.

In short, the Eiffel Tower is st going strong. This year s will receive some 3.3m f paying visitors, who will ta the lurching lift at least the first storey to escape t stench of the caravans selli cheap chips which litter t area around the tower. Or that most glamorous ne comer—the Georges Pompid centre for modern art — w its profitable aura of arc tectural controversy, will better, with some 6m visito The Louvre and Versailles v between them claim fev tourists than the Eiffel Towe

The Tower is run by a sto exchange-quoted company which Credit Commercial France is the leading sha holder with 23 per cent of i capital. Last year she brou in FFr700,000 profit (w down from the FFr1.95m 1976), which yielded a d dend of FFr8.50 per share, to mention the FFr12m-p per year ground rent she pa the City of Paris.

But she also costs a lot to r Average annual bills for ma tenance and modernisat come to between FFr6m a FFr8m, which is a large p portion of sales of arou FFr32m in 1977. The next *job is the installation of a r* lift between the second a third stage, costing so FFr30m — or arou FFr182,000 per meter. This on top of the regular costs paying more than 100 st maintaining four restaura four lifts and no fewer th *170 spotlights,* which eat FFr1m a year in electri alone.

This year is unlikely to h been a famous one — it's much fun standing at the of the Tower looking out a city obscured by mist, it was only in the second h of August that the skies re cleared over Paris. In additi the Societe Tour Eiffel negotiating with the City Paris to renew its concess to manage the Tower. If mist around this transact clears, as the company expe it will probably launch issue on the money market meet investment costs. The lady still has faith in eternal charms.

Incentive to hold profits

By Our Own Correspondent

STOCKHOLM, Sept. 5

*INCENTIVE, the Swedish de*lopment group with interests several small engineering co panies, *expects to make pre* earnings this year close to yera's SKr 72m ($16.4m). T forecast is based on an increa order intake, primarily fr export markets.

The group's half-year rep shows a SKr 1m drop in pre profit to SKr 25m on an alm unchanged turnover of just o SKr 1bn. If the subsidiaries a over the past shmonths are eli nated from the 1977 figures, current half-year would sh a SKr 8m increase.

Profits from component ma facturing, which made sales SKr 391m during the peri have fallen slightly but the or intake has picked up. Both e ings and order flow rose in instrument division, which creased half-year sales fr *SKr 189m to SKr 225m.* Pr performance by the transp units, which had reduced sa *of SKr 220m, is still described* satisfactory.

THE OUTLOOK FOR PEMEX

Proven reserves turn the key

The extent of recent fundraising, and the ease with which it has been arranged, underline the vast potential of Pemex, the Mexican State-owned oil company. WILLIAM CHISLETT in Mexico assesses the group's prospects

THE AGREEMENT reached at the end of last month between a group of Mexican bankers and Petroleos Mexicanos (Pemex), the state-owned oil company, for two loans worth a total of $78.2m (1.8bn pesos), was proof — if further proof was really needed — of the growth potential of Pemex.

The first loan of $56.5m (1.3bn *pesos*) was put together by 45 Mexican institutions and was the largest domestic consortium ever *assembled for a local credit* operation. Pemex director Mr. Jorge Diaz Serrano said at the *signing ceremony: "This opera*tion confirms that Pemex is the best investment there is in this country."

A close look at Pemex which this year celebrated its 40th anniversary, suggests why this view is widely held.

When Pemex first started its activities in 1938, after the Government of General Lazaro Cardenas became the first in the world to nationalise its oil industry, "proven" hydrocarbon reserves in Mexico amounted to 1.2bn barrels. Fourteen years later, the figure was put at 2bn. In 1962 it was 5bn, in 1976 6.3bn, in July this year, 16.8bn, and then last Friday, Sr. Jose Lopez Portillo, the President announced in his annual State of the Nation speech that proven reserves were now at 20bn barrels. "Probable" reserves, he said, had gone up from 31bn barrels to 37bn and "potential" reserves from 120bn barrels to 200bn. The potential figures include the probable and proven amounts.

Such impressive statistics are endless, and Pemex is having to continually update them as new oil and gas finds are discovered. Production of crude oil and condensates now stands at 1.4m barrels a day (b/d) compared to 1.3m in July. This represents a more than 50 per cent increase from November 1976 when the figure was 907,000 barrels.

Last year alone Pemex, with a staff of 53,000 and about an equal number at any one time being employed on a temporary basis, and with total assets of $6.2bn discovered 26 *new* fields.

As a result of these increasing finds, which have turned Mexico from an incipient importer of crude, to one of an exporting country with a vast potential. Pemex is in the throes of an ambitious $17bn to $20bn investment programme for 1977-82—about four times larger than the investment between 1938 and 1976.

And so, Pemex is planning to drill 1,300 new wells (ten times as many as in the past six years) and to increase production of crude oil and gas liquids from the current 1.3bn b/d to 2.2bn b/d by 1980. This target was originally planned for 1982, but discoveries are such that Pemex is now confident two years ahead of earlier estimates.

It is thought that about half of this would be exported to bring in $6bn of foreign exchange earnings. Mexico's current account payments deficit last year was $1.7bn. Last year, about 200,000 b/d of crude were exported compared to 1m b/d or so envisaged for this year.

Other objectives of the investment programme are: to double the present refining capacity of 865,000 barrels a day: increase the production of gas from 2.2bn cubic feet a day to 4bn a day—the gas comes out with the oil.

Pemex plans to export gas to the U.S., but Washington scoffed at Pemex's price of $2.60 a *thousand cubic feet* and *so* negotiations were suspended at the end of last year to remain so *until President Carter settles his* energy policy.

Pemex appears to be quite adamant about its price, which some American companies accepted, and now there is some suggestion that if the U.S. does not buy, then Pemex may use the gas for the domestic market by converting industrial plants to use gas.

Pemex director, Mr. Diaz Serrano is so confident of the future that he said last month *that total export sales for the* period 1977-82 at constant prices will amount to $32bn providing *that an average of 1.1m b/d is* maintained from 1980 to 1982. This would enable Pemex — and of course Mexico as a whole — said Mr. Diaz Serrano — to substantially reduce its foreign debt if so desired.

Mexico's current foreign debt is put at over $20bn, second only to Brazil.

Sogam gives approval to Montedison negotiations

BY PAUL BETTS

ROME, Sept. 5.

SOGAM, the company grouping the public shareholding interests in the giant Milan chemicals conglomerate Montedison, gave its formal approval today to current negotiations between the Italian group and Arab financial interests proposing to buy a 10 per cent stake in Montedison.

There is speculation here that behind the Arab interests there could also be some European financial groups. The steady deterioration of Montedison's financial and structural position has for long worried European chemical operators, who clearly view a weakened Montedison increasingly slipping into the public sector as a threat to the international market.

Repeated state intervention in support of Montedison has already been regarded by some European chemical groups as unfair competition.

In a brief statement, Sogam, which groups together the interests of the Italian state oil concern ENI and the state holding company IRI, said it was satisfied that the deal would not alter the present mixed private/state character of the conglomerate.

At the same time, Sogam said that neither Italian nor foreign interests in direct competition with Montedison were involved in the operation.

When news of the deal was leaked here last week, there was some initial concern that Montedison's public shareholders might seek to block the operation in view of the possible strengthening of the private sector in the group's mixed shareholding syndicate.

The proposed deal between Montedison and the Arab financial consortium is expected to see the Middle East interests subscribe Lire 35bn ($42.5m) in Montedison's forthcoming capital increase and a further Lire 15bn ($18.3m) in a subsequent bond issue.

Fiat satisfied with finances

TURIN, Sept. 5.

ITALIAN motor group Fiat is satisfied with its overall financial position, and expects turnover for this year to reach some Lire 13,000bn, or $16bn.

This was stated today at a shareholders meeting called to approve the incorporation of Lancia and the creation from next year of an independent car subsidiary under the control of the Fiat parent company. Shareholders also learned that the chairman, Giovanni Agnelli, is to hand over day-to-day control of the group to his brother, present vice-chairman Umberto Agnelli.

The constitution of a separate car subsidiary completes the transformation of Italy's biggest private industrial group into a series of operating companies under the control of a central holding company, started in the early 1970s. The move has brought to light an increase in the book value of assets which more than doubles the breakdown value of Fiat shares.

As of the start of next year, the breakdown value of the Fiat share is estimated at L9,479 (around $9.50). This is nearly five times current Bourse price and substantially higher than the L6,000 per share paid by Libya when it subscribed to a 10 per cent Fiat capital increase early last year.

Discussing the Fiat group's future strategy in the automobiles sector, the Fiat chairman said he favoured the proposed merger between Peugeot-Citroen of France and the U.S. Chrysler group's European activities. "This is the kind of rationalisation needed for the European car industry if it is to compete with the big American and Japanese car companies," he said.

Fiat itself has signed an agreement with Peugeot Citroen to build a plant in southern Italy to produce 80,000 small commercial vehicles a year. This project was formally initiated at the start of August, and will not be affected by the proposed Peugeot-Citroen-Chrysler merger.

The Fiat chairman also confirmed his company's interest in taking a majority stake in its Spanish affiliate company Seat, in which it owns 36 per cent. The move will depend on whether the Spanish Government is ready to change its legislation in favour of allowing foreign control of major national industrial concerns.

He declined to give any forecast for dividend payment for 1978, but said shareholders would have no reason to be dissatisfied.

Pao takes stake in Hongkong Wharf

HONG KONG, Sept 5.

A SUBSTANTIAL minority stake in Hongkong and Kowloon Wharf and Godown Company has been acquired by Sir Y. K. Pao and his family, reports Reuter.

The stake represents between 15 per cent and 20 per cent of the company's issued share capital, Hongkong Wharf announced.

Sir Y. K. Pao and his son-in-law, Mr. Peter Woo, have been invited to join the Board of Hongkong Wharf.

The company said that it had been advised by Sir Y. K. Pao that the shares were acquired as a long term investment, and that it is not his wish to see the company's business changed. Nor did he plan to acquire a majority stake, or to make a takeover bid.

The private companies controlled by Sir Y. K. Pao are separate from the quoted companies and shipping interests in the World-Wide group of which he is chairman.

Wharf shares closed at HK$39.50 here today, falling HK$3.50 in line with a general market decline.

Hongkong Wharf has 86.64m issued and fully paid HK$10 shares, according to the annual report. It gave no financial details of the shares acquisition.

Commenting on the acquisition, Mr. David Newbigging, the Wharf chairman, said: "Personally, I welcome Sir Y. K. and his family as substantial minority shareholders in the company, particularly since Sir Y. K. has assured us that the shareholding has been acquired as a long term investment."

Our Financial Staff adds: Shares in Hongkong and Kowloon Wharf have attracted substantial speculative interest lately, having risen from HK$36 two weeks ago to touch HK$46 at one point in recent days.

Japanese move to permit CDs

BY RICHARD HANSON

TOKYO, Sept. 5.

A PRIVATE advisory group to the Japanese Finance Ministry is expected this week to approve a recommendation that banks be allowed to raise funds through modified certificates of deposit (CDs). Continued strong opposition from various financial sectors, however, leaves the form and future of the proposal in doubt.

The Finance Ministry will take the recommendation under consideration, it is understood, and draw up its own policy, which could be issued as early as November this year or the spring of next year.

Yet to be resolved are questions on whether a CD legally would constitute a bond or a deposit, and on issuing terms and amounts, but the Finance Ministry has tentatively decided that proper guidelines would limit the CD amounts to Y100m or more, at terms of less than one year—preferably as short as possible—at an annual interest rate of less than 4.75 per cent, the present rate of two-year term deposits.

Opposition to the recommendations remains strong from the long-term credit banks, trust banks and local banks which feel the CD concept would impair their own ability to raise funds by ultimately raising interest costs and squeezing out the weakest of the financial institutions.

The council is also prepared to recommend further study of granting permission for banks to pay compound interest rates on deposits to compete with the postal saving system, and allowing Japanese commercial banks to issue debentures overseas to raise funds (currently limited to the long-term credit banks and the specialised foreign exchange bank, the Bank of Tokyo). Action by monetary authorities on those ideas is not expected until next year at the earliest, however.

The issuing of foreign bonds by Japanese commercial banks, in particular, is drawing opposition from some bankers and officials who fear that allowing such bonds would spur a bond rush overseas and a possible return to the so-called special "Japan rates," which prevailed in international capital markets earlier this decade. The Finance Ministry at that time imposed strict limits on Japanese borrowing overseas.

The controversy over CDs has flared up periodically over the past few months. Foreign banks entered the debate when Citibank in Tokyo began early this spring to ask consideration for it to raise yen funds through debentures in Japan, so giving commercial banks cause to lobby further for CDs and debentures.

There remains opposition to CDs among commercial banks themselves. Bankers say that the greatest support for the CD proposal comes from certain major commercial banks competing among themselves for top ranking in terms of deposits. Those with strong retail business oppose CDs. Those with deep corporate ties see the CD as a way of raising deposits.

The long-term credit banks fear that approval of CD issues by the Finance Ministry, even in the limited form now being considered, could lead the way to subsequent easing of terms of issue. This would endanger the structure of Japanese banking which has prevailed since just after World War II. Commercial banks currently must raise funds through deposits, with the wholesale raising of funds limited to the long-term credit and specialised banks which have funded much of Japanese economic development along with trust banks.

Some bankers question the effectiveness of CDs in the Japanese financial structure as fund raising instruments, and the necessity of such issues. If the Finance Ministry does allow CDs, they will come in November or early next spring when easy money generally prevails in Tokyo. Japanese banks in recent months have been flush with funds, as it is, because of sluggish demand for corporate loans. Corporate capital spending plans in Japan remain uncertain.

If the Finance Ministry eventually decides to allow Japanese banks to issue bonds overseas, it is expected that such issues will be limited at first to bank subsidiaries incorporated in other countries.

Meanwhile, another advisory group to the Finance Ministry, studying securities industry and banking problems, will meet on September 21. The group will discuss proposals to allow commercial banks to sell to the public national bonds, issues of which have expanded sharply as the Government has introduced supplementary and regular budgets aimed at stimulating the economy.

The securities industry is strongly opposed to letting banks into its sphere of business. Approval for bank sales of national bonds to the public, it is argued, would eventually lead to bank involvement in secondary bond market trading in direct competition with the securities houses.

Securities houses in Japan also remain opposed to CDs, fearing that such instruments would cut into the less controlled Gensaki market where bonds are sold with two or three month repurchase agreements. The Gensaki market has attracted considerable amounts of surplus corporate funds away from bank deposits.

Reuter

Gulf Air spreads activities to maintain unity

BY A SPECIAL CORRESPONDENT

GULF AIR is to move its engineering division from Bahrain to Abu Dhabi, according to Mr. Yousef Sherawi, the airline's chairman, despite the fact that a new engineering centre was opened in Bahrain only last May.

The move is part of a plan to distribute the airline's functions more evenly among the four Gulf states which own it—Bahrain, Abu Dhabi, Qatar and Oman. It includes moving the airline's hotel company headquarters and helicopter division to Doha, Qatar, and the light aviation division to Muscat, Oman.

Bahrain has been the administrative centre of the airline since it was founded and the redistribution plan is the result of calls by other States for more involvement in airline activities. The shift of the engineering division to Abu Dhabi is described at the Bahrain headquarters as a move to placate Sheikh Zaid, ruler of Abu Dhabi, who is said to be unhappy with the present airline sharing set-up.

There are fears of a possible split in the multi-state membership of Gulf Air, with the possibility of a new airline being set up by Abu Dhabi, according to airline officials. Such an airline would probably be born more out of national pride than commercial advantage but Abu Dhabi, as a major oil producer, is considered to be rich enough to afford it.

Mr. Sherawi did not deny reports that a new airline was being considered in Abu Dhabi and said that a split among the States would be disastrous for Gulf Air. "One airline and one government is a problem," he said. "Let alone four governments, five airports and five civil aviation authorities. It is the political goodwill of the four States which is keeping it going. And that is also difficult. There is an internal struggle between what the commercial people want, what the technical people are offering, and also the financial implications.

"If Gulf Air is to break up today between the four States, it will wither and die. Because we in Bahrain are not a big town. The Gulf area does not have a Singapore or Hong Kong with two or three or four million people that can sustain one airline that is international. If you break it up into small states the only traffic you can do is with your neighbours."

Mr. Sherawi said that Gulf Air last year lost about £1m because of delays by British Airways in maintaining its TriStars at Heathrow. "We have suffered financial loss, also loss of name and prestige. We put this at £1m in 1977." The Airline's TriStars are now to be serviced in Hong Kong at a saving of 10 to 15 per cent compared with the previous contract," Mr. Sherawi said.

Workforces cut at major Japanese corporations

TOKYO, Sept. 5.

EMPLOYMENT at 250 major corporations in Japan has fallen by 172,900 workers, or 7.5 per cent, since 1974, shortly after the oil crisis, a survey released today shows.

The Tokyo-based Industrial Labor Research Institute said that 74 per cent of the companies reported taking measures to "reduce weight" in the four years.

Matsushita Electric Industrial, the maker of Panasonic television sets, reduced its workforce by 12,900 employees or 27.7 per cent, it said. Unitika, a top textile maker, reduced its work force by 54.4 per cent, or 9,900 workers.

The Japanese companies took measures such as hiring fewer workers, discharging seasonal and part-time workers and transferring some of their employees to related companies.

As a result, the number of employees decreased from 2.3m in March, 1974 to 2.1m in March this year.

An average worker now is 33.2 years old, 1.03 years older than in 1974. His monthly salary rose 72 per cent in four years to $965.

AP-DJ

Peruvian gain

Peru produced 33.3m barrels of petroleum last year, an increase of 19.3 per cent compared with the previous year, according to the State-owned oil company Petroperu, Reuter reports from Lima.

Bond tender from Dutch government

By Jeffrey Brown

THE RECENT surge in new issue activity on the Dutch bond market was given a further boost yesterday by the announcement—a month earlier than dealers had expected—of a tender issue by the Netherlands Government.

The 10 year bonds will carry a coupon of 7¾ per cent, and tenders have to be in by next Tuesday, September 12. Dealers expect a favourable response. The issue offers a full half point less coupon than August's State loan, but sustained by the weakness of the dollar the Dutch bond market has been remarkably strong over the past few weeks. Last week's Fl 150m issue by Amro Bank was more than three times subscribed.

The Government tender will be the fifth State borrowing this year. Last month's offering pulled in Fl 700m, taking total Government borrowing in the public bond market this year to around Fl 2bn.

Sweden is also floating an open-ended bond. Terms are 8 per cent over 3½ years at par. So far this year Sweden has raised over SKr 225m via three issues.

Acquisitions boost AGA profits in first half

BY WILLIAM DULLFORCE

STOCKHOLM, Sept. 5.

AGA, the Swedish industrial gas, heat engineering and welding group, boosted its pre-tax earnings by over 30 per cent to SKr 109m ($24.7m) during the first half of the year. Sales were up by 48 per cent to SKr 1.7bn ($386m). AGA is thus well on the way to its target of a 15 per cent improvement on last year's pre-tax profit of SKr 184m.

The turnover and profit increase come partly from two recent acquisitions, Burdox, the U.S. gas company, and Frigoscandia, the refrigerated warehousing and transport concern. But these takeovers, which cost AGA SKr 324m, have also entailed substantial increases in financial expenditure, reflected in the SKr 31m rise in net interest charges to SKr 43m.

Group borrowings increased by SKr 447m to SKr 1.2bn during the six months, of which SKr 294m comprises the indebtedness of the new acquisitions at the time they were bought. Investments in plant and machinery totalled SKr 172m against SKr 129m in the first half of 1977, and liquid assets dropped by SKr 183m to SKr 249m during the first six months.

The group operating result was up from SKr 101m to SKr 156m, with Frigoscandia contributing SKr 28m of the increase. AGA's main gas operations, including Burdox, had sales of SKr 864m in the six months and turned in an operating profit of SKr 131m. Excluding Burdox, the turnover growth in gas was 19 per cent.

With the purchase of Burdox, which gives the Swedish company a foothold on the American market, and Frigoscandia, AGA is in a new phase of development. Previously it had sold its battery company, Tudor, and its interests in military electronics.

At the last annual meeting in May the board also obtained authority to make a one-for-10 issue of new B shares intended to open the door for a convertible loan issue on the international market.

North Borneo Timbers in the red

By Wong Sulong

KUALA LUMPUR, Sept. 5.

AFTER seven years of continuous high growth, North Borneo Timbers Berhad suffered a loss for the year to May.

The group, whose fortunes are primarily based on its timber concessions in the East Malaysian state of Sabah, reported a net loss of 455,000 ringgits (U.S.$198,000) compared with an after-tax profit of 15.65m ringgits the previous year.

As a result, the group is not declaring a final dividend, which means that shareholders have received only the 5 per cent interim dividend, compared with 15.8 per cent the previous year.

Gross earnings per share fell from 39.2 cents to 2.1 cents.

The group gave no reasons for the sharp reversal in its fortunes in its annual accounts, but in its interim report, it put the blame on poor timber output, depressed trading conditions and poor prices and higher royalties.

The directors had also made provision of 2.39m ringgits against possible diminution in value of its investment in the shipbuilding firm, German B. Arnez, which had a poor year, with customers cancelling several contracts.

In June, North Borneo Timbers announced a major restructuring of its management, with Mr. Akbar Hydari becoming its non-executive chairman, and the appointment of two new directors in place of two who resigned.

Mr. Hydari is chairman of Wimco, the Indian subsidiary of the Swedish Match Company, and vice-chairman of the Bombay Burmah Trading Corporation, which is a major shareholder of NBT.

During the year, NBT also sold off its 17 per cent holding in Harper Gilfillan, and its 25 per cent in Owens Group, to improve its cash position and to finance development of its giant softwood plantation in Sabah.

NBT has been one of the fastest growing Malaysian companies. Its paid-up capital increased from 9m ringgits in 1971 to 52.55m ringgits last year—mainly through scrip issues, which were declared almost every year.

Conti Gummi sales steady

By Our Financial Staff

DESPITE CONTINUING strong competition, Continental Gummi-Werke managed to maintain its sales during the first half of 1978.

The company reveals this in the latest edition of its works magazine, which, however, goes on to point out that further business development "must be viewed with reserve." Continental Gummi is West Germany's largest manufacturer of tyres.

Last year group profits staged a major recovery, moving up from DM 10.3m to DM 25.7m. When revealing this not quite five months ago the company suggested that shareholders could possibly receive a dividend in 1978 after six years of non-payment.

Losses at Swedish co-op

BY OUR OWN CORRESPONDENT

STOCKHOLM, Sept. 5.

KF, the Swedish consumer co-operative group, reports a first half loss of SKr 68m ($15.4m) on turnover up by 5.2 per cent to SKr 7.3bn ($1.67bn). The loss is larger than anticipated and compares with earnings of SKr 29m for the first half of 1977 which were however boosted by extraordinary income of SKr 19m and stock gains.

The KF management expects to improve performance in the current six months but the powerful retailing and industrial group will show a loss for the second year running in 1978.

KF's problems arise from the weakness of domestic retailing (the value of deliveries to the consumer co-operatives rose by only 0.4 per cent) and the poor results turned in by some of its manufacturing subsidiaries. The Fiskeby Paper Company lost SKr 33m, for instance, while the Hugin Cash Register Company showed a loss of SKr 17m. Reso, the group's travel agency, saw a SKr 1m profit turned into a SKr 17m loss for the half year.

Group investments were cut by SKr 86m to SKr 153m compared with the first half of 1977 and stocks were reduced by SKr 200m.

Robeco group

Together, the three investment trusts of the Robeco Group managed over Fl 10bn ($4.7bn) at the end of August. Robeco managed over Fl 4.5bn, Rolinco Fl 2.5bn and Rorento Fl 3bn, our Financial Staff writes. This is primarily due to the rise in stock prices, though the strong demand for Rorento shares also contributed to the growth in assets.

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
...can Australia 8½pc 1989	97¼	98¼
...EV 8pc 1987	94¼	95¼
...stralia 8½pc 1992	94	94¾
...stralian M. & S. 9½pc '92	99	99¾
...arclays Bank 8½pc 1992	95¼	96¼
...water 9½pc 1992	98¼	99
...n. N. Railway 8½pc 1986	93¼	96
...edit National 8½pc 1986	87	87¾
...enmark 8½pc 1984	97¾	98¼
...CS 9pc 1993	99¾	100¼
...CS 9½pc 1997	95¼	96¼
...IB 9½pc 1992	96	96¾
...MI 9½pc 1989	98¼	99
...ricsson 8½pc 1989	96¼	97¼
...sso 8pc 1986 Nov.	99	99½
...t. Lakes Paper 8½pc 1984	98¼	99
...amersley 9½pc 1992	100¾	101¼
...ydro Quebec 9pc 1992	96¼	97¼
...I 8½pc 1987	93¼	96
...E Canada 9½pc 1986	102¼	103¼
...acmillan Bloedel 9pc 1992	97¼	98¼
...assey Ferguson 9½pc '91	97¼	98¼
...ichelin 9½pc 1988	99¼	100
...idland Int. Fin. 8½pc '92	97¼	98
...ational Coal Bd. 8pc 1987	93¾	94¼
...atl. Westminster 9pc 1986	100¼	101
...atl. Wstmnstr. 9pc '86 'B'	101¼	102¼
...ewfoundland 9pc 1989	98¼	100
...ordic Inv. Bank 8½pc 1988	97¼	98¼
...orges Kom. Bk. 8½pc 1992	95¾	96
...orpipe 8½pc 1989	96¼	97
...orsk Hydro 8½pc 1992	95	95¼
...slo 9pc 1988	99¼	100¼
...orts Autonomes 9pc 1991	98¼	99
...rov. Quebec 9pc 1995	96¼	97¾
...rov. Saskatchwn. 8½pc '86	97¾	98¼
...eed International 9pc 1987	93	95
...HM 9pc 1992	94¼	95
...election Trust 8½pc 1989	91¼	92¼
Shell Intl. Fin. 8½pc 1990	95	95¾
Skand. Enskilda 9pc 1991	99¼	100
SKF 8pc 1987	91¾	92¼
Sweden (K'dom) 8½pc 1987	95¼	96
United Biscuits 9pc 1989	97¼	98
Volvo 8pc 1987 March	93¾	94¼
Tenneco 7¾pc 1987 May	91¾	92¼
Volkswagen 7¾pc 1987	94¼	95

NOTES	Bid	Offer
Australia 7¾pc 1984	93	93¾
Bell Canada 7¾pc 1987	95	95¾
Br. Columbia Hyd. 7¾pc '85	93¼	94¼
Can. Pac. 8½pc 1984	97¾	98¼
Dow Chemical 8pc 1986	95¼	96¼
ECS 7¾pc 1982	94¾	95¼
ECS 8½pc 1989	94	94¾
EEC 7¾pc 1982	95¾	96
EEC 7¾pc 1984	94¾	95¼
Enso Gutzeit 8½pc 1984	95¾	96¼
Gotaverken 7¾pc 1982	95¼	96
Kockums 8pc 1983	96¼	97¼
Michelin 8½pc 1983	96	98¼
Montreal Urban 8½pc 1981	99	99¾
New Brunswick 8pc 1984	96¼	97
New Bruns. Prov. 8½pc '83	96	98¼
New Zealand 8½pc 1986	95¼	96¼
Nordic Inv. Bk. 7¾pc 1984	94	94¾
Norsk Hydro 7¾pc 1982	95¾	96¼
Norway 7¾pc 1982	94¼	95
Ontario Hydro 8pc 1987	93¼	94¼
Singer 8½pc 1982	98¼	99¾
S. of Scot. Elec. 8½pc 1981	95	99¼
Sweden (K'dom) 7¾pc 1982	95¼	96
Swedish State Co. 7¾pc '82	97¼	98¼
Telmex 9½pc 1984	93¼	99¼

STERLING BONDS	Bid	Offer
Allied Breweries 10¼pc 1990	89¼	90¼
Citicorp 10pc 1993	91¼	92¼
Courtaulds 9½pc 1989	89¼	90¼
ECS 9¼pc 1989	92¼	93¼
EIB 9¾pc 1988	97	98
EIB 9¾pc 1992	92¼	93¼
Finance for Ind. 9¾pc 1987	90¾	91¾
Finance for Ind. 10pc 1989	94	95
Fisons 10½pc 1987	97¾	98¾
Gestetner 11pc 1988	92¼	94¼
INA 10pc 1988	91¼	92¼
Rowntree 10¾pc 1988	92	93
Sears 10¼pc 1988	92	93
Total Oil 9½pc 1984	89¼	90¼

DM BONDS	Bid	Offer
Asian Dev. Bank 5½pc 1988	93¾	94¼
BNDE 6¼pc 1986	96¾	97¾
Canada 4¾pc 1983	98¼	99¼
Den Norske Ind. Bk. 6pc '90	98¼	99¼
Deutsche Bank 4¾pc 1983	97¾	98¼
ECS 5¾pc 1990	92¼	93¼
EIB 5½pc 1990	92¾	93¾
Elf Aquitaine 5¾pc 1988	93	94
Euratom 5½pc 1987	97¾	98¾
Finland 5¾pc 1986	94¼	95¼
Forsmarks 5¾pc 1990	96	97
Mexico 6pc 1985	95¾	96¾
Norcem 5¾pc 1989	96	99
Norway 4¾pc 1983	98¼	99¼
Norway 4¾pc 1983	96	97
PK Banken 5¾pc 1988	94¼	95¼
Prov. Quebec 6pc 1990	96¼	97¼
Rautaruukki 5¾pc 1986	93	94
Spain 6pc 1988	95¼	96¼
Trondheim 5¾pc 1988	94¾	95¾
TVO Power Co. 6pc 1988	96	97
Venezuela 6pc 1988	94¾	95¾
World Bank 5½pc 1990	96¼	97¼

FLOATING RATE NOTES	Bid	Offer
Bank of Tokyo 1984 8½pc	99	99¼
BFCE 1984 9⅞pc	99¼	99¾
BNP 1988 8⅝pc	99¾	100¼
BQE Worms 1985 9pc	98	98¾
CCF 1985 8½pc	98¾	98¾
Chase Manhttn. '93 9⅞pc	97¼	98
Creditanstalt 1984 8½pc	99	99¼
DG Bank 1982 9pc	99¼	100¼
GZB 1981 9½pc	99¼	100¼
Intl. Westminster 1984 8pc	99¼	99¾
Lloyds 1983 8⅞pc	99¾	100¼
LTCB 1987 9⅞pc	99¼	99¾
Midland Int. FS '87 8⅞pc	98¾	99¼
Midland Int. FS '93 9⅞pc	98¼	99¼
Nat. Westminstr. '90 9⅞pc	99	99¼
OKB 1983 8¾pc	99¾	100¼
SNCF 1985 9⅞pc	99	99¼
Std. and Chtrd. '84 9⅞pc	99¼	99¾

Source: White Weld Securities London

CONVERTIBLES	Bid	Offer
American Express 4¾pc '87	81	82¼
Babcock & Wilcox 7pc '92	115¼	116¾
Beatrice Foods 4¾pc 1992	102	103¾
Beatrice Foods 4¾pc 1992	118¾	120
Beecham 6¾pc 1992	110¾	111¾
Borden 5pc 1992	98	99¾
Broadway Hale 4¾pc 1987	74¼	76
Carnation 4pc 1987	75	76¼
Chevron 5pc 1988	139	140¾
Dart 4¾pc 1987	82	83¼
Eastman Kodak 4¾pc 1988	97¼	99
Economic Labs 4¾pc 1987	77¾	79
Firestone 5pc 1988	78¼	80
Ford 5pc 1988	82¼	84
General Electric 4¾pc 1987	84¼	86
Gillette 4¾pc 1987	76¼	78
Gould 5pc 1987	129¼	131
Gulf and Western 5pc 1988	88	89
Harris 5pc 1992	115	117
Honeywell 6pc 1986	96	97
ICI 6¾pc 1992	84¼	86
INA 6pc 1997	97¼	99
Inchcape 6¾pc 1992	113¼	115
ITT 4¾pc 1987	79	80¼
Jusco 6pc 1992	144	143
Komatsu 7¾pc 1990	144¾	145¾
J. Ray McDermott 4¾pc '87	148	150
Matsushita 6¾pc 1990	159	160¼
Mitsui 7¾pc 1990	131¼	132¼
J. P. Morgan 4¾pc 1987	100	101¼
Nabisco 5¾pc 1988	102¼	104
Owens Illinois 4¾pc 1987	123¼	125
J. C. Penney 4¾pc 1987	75¼	77
Revlon 4¾pc 1987	139	139
Reynolds Metals 5pc 1988	85	86
Sandvik 6¾pc 1988	112	114
Sperry Rand 4¾pc 1987	97¼	99
Squibb 4¾pc 1987	82¼	84
Texaco 4¾pc 1988	76¼	78
Texas Int. Airlin 7¾pc '93	101¼	102
Toshiba 6¾pc 1992	136	137
Ty Co. 5pc 1984	75¼	77
Ty Co. 8¾pc 1988	105¼	101
Union Carbide 4¾pc 1982	89¼	91
Warner Lambert 4¾pc 1987	80	81¼
Warner Lambert 4¾pc 1988	76¼	78
Xerox 5pc 1988	75¼	77

Source: Kidder, Peabody Securities.

BUILDING SOCIETY INTEREST RATES

...REENWICH
(01-858 8212)
281 Greenwich High Road,
Greenwich SE10 8NL.
Deposit Rate 6.45%, Share Accounts 6.60%, Sub'pn. Shares 7.95%. Term Shares 2yrs. 1% above share rate, 3 yrs. 1½% above share rate. Interest paid Quarterly on shares/term shares, Monthly Income shares 6.80%.

LONDON GOLDHAWK
(01-995 8321)
15/17 Chiswick High Road,
London W4 2NG.
Sub'pn. Shares 8.20.
Deposit Rate 6.45. Share Accounts 6.95.

WORLD STOCK MARKETS

Early Wall St. rise pared at mid-session

INVESTMENT DOLLAR PREMIUM

$2.60 to £1—91¼% (90¾%)

Effective $1.9425—43¼% (42¼%)

AFTER THE holiday-lengthened weekend, Wall Street moved modestly ahead early yesterday but the gain was partially lost by mid-session.

The Dow Jones Industrial Average, after improving 3.81 to 883.14 at 11.00 am, was a net 1.73 higher at 881.06 at 1 pm. The NYSE All Common Index was only 3 cents up on balance at $58.57, after reaching $58.71, while gains held just a slight edge over losses of seven-to-six at mid-session. Turnover came to 20.52m shares, compared with last Friday's 1 pm figure of 23.04m.

Analysts said moves by the New York and American Stock Exchanges to increase margin

Closing prices and market reports were not available for this edition.

requirements on selected Gaming shares dampened speculation in this sector and was viewed as constructive for the whole market, helping the early market tone.

Additionally, they noted that concern about rising interest rates ebbed slightly. Money market analysts suggested that recent firming moves by the Federal Reserve may have completed the current round of credit tightening.

Among Gaming shares, Ramada Inns led the actives list and retreated 1¼ to $10¼. Active Bally Manufacturing lost 4 to $53. Playboy 3¼ to $24¼, Harrah's ¼ to $33¼ and Del E. Webb 2¾ to $28¼.

Active Exxon, which late on Friday said that it has found hydrocarbons in its Baltimore Canyon well, rose ¾ to $50¼. Texaco, which also has found hydrocarbons in that area, added ¼ at $24¼.

Airline issues continued to harden. UAL put on ¾ to $42¼, TWA ¼ to $28¼, Braniff ¼ to $16¼ and Delta ¼ to $53¾. Active Pan American, which is engaged in acquisition talks with National Airlines, firmed ¼ to $8¾, but National came back 1¾ to $33¼.

General Dynamics lost $1 to $84¼ and Litton Industries ¼ to $26¼. The Securities and Exchange Commission is reportedly investigating whether the two companies have filed false shipbuilding claims against the Navy.

...Garfinckel Brooks Brothers gained $1 to $25¼—Gamble-Skogmo said it has purchased 560,000 Garfinckel shares or about 12 per cent of the Common stock.

Standard Oil of California gained 1¾ to $46¼ — it Chevron unit has made another gas find in the Overthrust Belt area of Southwest Wyoming.

THE AMERICAN SE Market Value Index, after jumping 2.28 last Friday, reacted 0.55 to 170.15 at 1 pm Volume 3.11m shares (3.31m).

Gaming shares were also weak on the Amex. Resorts International "A" lost 3 to $107¼, Golden Nugget 4¼ to $30¼, CDI $1¾ to $11¾ and American Motor Inns 2¼ to $17¾.

Canada

Stocks tended to ease back in active trading yesterday morning after last week's marked strength. The Toronto Composite Index came back 2.4 to 1,252.6 at noon, following a jump of 22.8 last Friday. Oils and Gas reacted 17.9 to 1,686.8 on index, while Golds gave up 42.8 to 1,627.3 and Metals and Minerals 3.7 to 1,044.1.

Due to technical problems at the exchange, Montreal midday share information was not available.

Dome Petroleum fell 3 to C$92, Gulf Oil Canada 1¾ to C$34¾ and Home Oil "A" 1½ to C$42¼.

Dome Mines lost 4¼ to C$100.

Tokyo

After an early fresh advance, the market reacted on profit-taking to leave shares easier for choice on balance. However, the Nikkei-Dow Jones Average, after touching a new post-war peak of 5,650.18, finished still in the plus column with a modest net gain of 3.70 at 5,641.38. Trading volume expanded to 380m shares from Monday's 260m.

Issues related with China's industrial projects drew particular buying attention, while Foods and Pharmaceuticals were also well favoured, but small-sized Steels and some Public Works stocks retreated on late profit-taking.

Export-oriented issues also turned lower late in the session, TDK Electronic ending Y40 down at Y2,080, Matsushita Y7 off at Y711, and Toyota Motor Y9 cheaper at Y850, but Canon were Y7 higher at Y457.

Elsewhere, Arabian Oil declined Y60 to Y1,720, Sumitomo Precision Products Y41 to Y810, Koatsu Gas Kogyo Y40 to Y825 and Taihei Dengyo Kaisha Y30 to Y1,160, but Sapporo Breweries rose Y15 to Y282, Toshiba Machine Y55 to Y340, Dainippon Pharmaceutical Y100 to Y805, Nippon Television Network Y110 to Y6,100, Toyo Jozo Y100 to Y606, Yokogawa Bridge Works Y90 to Y1,310, Banyu Pharmaceutical Y35 to Y990 and Nissin Food Products Y80 to Y1,350.

Australia

Spurred on by good Overseas buying, markets made further headway yesterday in active trading. The Sydney All Ordinary index rose a further 4.29 to a fresh high for the year of 553.97.

Release of the flow test report from the Boggo Creek No. 2 well, which showed a flow of 1,000 barrels per day, saw Bridge Oil advance 22 cents to A$1.60, while Offshore Oil, another partner in the well, gained 3 cents to 16 cents.

BHP moved ahead 10 cents more to A$8.34 on continued support following last week's Seahorse well report.

CRA set the pace in Minings, with overnight London demand followed by active local support lifting the shares 11 cents further to A$3.81—there were rumours of an impending statement from the company, and dealers expected it to concern diamond exploration.

Among other Diamond speculatives, Northern Mining gained 5 cents to A$1.80, Golden Plateau 12 cents to A$1.20 and Alkane 1 cent to 39 cents, while Carr Boyd, Conex and Western Queen were steady.

Uraniums were well supported on the strength of the Prime Minister's recent statement that work should begin soon on the Ranger mine. Peko-Wallsend advanced 24 cents to A$6.74, EZ Industries 12 cents to A$3.38, Pancontinental 40 cents to A$17.40 and Queensland Mines 5 cents to A$3.85.

Elsewhere in the Mining sector, Western Mining climbed 8 cents to A$1.80, Consolidated Gold Fields another 10 cents to A$3.90 and Hamersley 8 cents to A$2.38.

Thiess, in Coals, added 5 cents at A$3.30 awaiting results, while CSR strengthened 11 cents to A$3.55.

In Banks, BNS Wales moved ahead 18 cents to A$7.00, while Industrials had Associated Pulp and Paper 4 cents firmer at A$1.60 for a two-day gain of 18 cents.

Germany

Stock prices mainly turned easier in a technical reaction to the markqet's recent upthrust. The Commerzbank index came back 2.7 to 830.1 from Monday's eight-year high.

Volkswagen led Motors lower, giving up DM2.50 more of its recent strong rise. Bayer, in Chemicals, eased DM1.70, while among Electricals, AEG receded DM 1.60 but Siemens was a firm spot with a gain of DM 1.10. Karstadt declined DM 1.50 in Stores, but Steels gained ground, Krupp rising DM 4 and Klockner DM 1.50.

Banks, sought early in the session, faded later and finished lower, with Deutsche Bank losing 20 pfennigs.

Public Authority Bonds continued in firm vein, recording gains of up to 35 pfennigs. The Regulating Authorities sold a nominal DM6.9m of paper (DM1.6m). Mark Foreign Loans also hardened.

Paris

Shares retained an easier tendency in thin dealings, sentiment affected by another ¼ of a point increase in Call Money rate to 7¼ per cent and renewed fears of a price-wage spiral following news of a 5 per cent rise in hourly wages during the second quarter of this year.

There were some bright spots, however, including Moet, Hennessy, Mumm, Veuve-Cliquot, Perrier, Lafayette, Matra, Saulnes, Bouygues, Aquitaine, BP, CFR, Rhone Poulenc and UTA.

Electricals and Stores were the sectors losing most ground.

Carrefour relinquished 23 to FFr 1,689, while Paribas, in Banks, lost 3.8 to FFr 178, and Peugeot-Citroen, in Motors, declined 3.5 to FFr 439.

Hong Kong

The recent strong advance was reversed by widespread active profit-taking yesterday, bringing the Hang Seng index back through the 700 mark, breached on Monday, to close 15.51 down at 692.28. Turonver on the four exchanges was a sizeable HK$311.45m, but well below the previous day's level of HK$409.67m.

Among Blue Chips, Hong Kong Bank receded 20 cents to HK$21.40, Hong Kong Land 50 cents to HK$14.40, Swire Pacific "A" 30 cents to HK$11.20, Hutchison Whampoa also 30 cents to HK$7.35 and Jardine Matheson 10 cents to HK$17.90.

A particularly weak spot was Hongkong and Kowloon Wharf, which came back HK$3.50 to HK$39.50, with the Warrants marked down sharply to HK$129 from HK$146. Cheong Kong lost 40 cents to HK$14.30.

Amsterdam

Mixed movements

A feature was provided by HVA, which closed Fl 6.30 up at Fl 66.80, after touching Fl 69.00, on expectations of news shortly regarding the integration talks with Volker, Steven and Volker, which plan to merge, remained suspended until today.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax.
♥ Pta 500 denom. unless otherwise stated. ♣ DKr 100 denom. unless otherwise stated. ɸ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs: including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

Indices

NEW YORK—DOW JONES

	Sept. 1	Aug. 31	Aug. 30	Aug. 29	Aug. 28	Aug. 25	1978 High	1978 Low
Industrials	879.53	876.82	880.72	880.20	884.88	886.53	900.12 (17/8)	742.12 (22/2)
H'me B'nds*	89.09	89.08	89.02	89.15	89.21	89.06	90.86 (4/1)	88.[illegible] (11/[illegible])
Transport	251.61	247.95	249.27	247.76	248.76	252.09	253.41 (24/8)	199.[illegible] (9/[illegible])
Utilities	107.21	105.66	106.45	106.16	106.09	106.39	110.98 (3/1)	102.[illegible] (22/[illegible])
Trading vol. 000's†	35,110	35,850	37,750	38,780	31,760	36,190	—	—

* Basis of Index changed from August 24

	Aug. 28	Aug. 18	Aug. 11
Ind. div. yield %	5.36	5.24	5.26

STANDARD AND POORS

	Sept. 1	Aug. 31	Aug. 30	Aug. 29	Aug. 28	Aug. 25	1978 High
‡ Industrials	114.88	114.58	114.62	114.91	115.17	116.27	116.38 (24/8)
§Composite	103.68	103.29	103.47	103.59	103.96	104.90	105.08 (17/8)

	Aug. 30	Aug. 23	Aug. 16
Ind div. yield %	4.76	4.69	4.70
Ind. P/E Ratio	9.89	10.02	9.99
Long Gov. Bond yield	8.42	8.37	7.55

N.Y.S.E. ALL COMMON

Sept. 1	Aug. 31	Aug. 30	Aug. 29	1978 High	1978 Low
58.54	58.55	58.48	58.38	59.28 (24/8)	48.37 (6/3)

NEW YORK

CANADA

EUROPEAN OPTIONS EXCHANGE

BASE LENDING RATES

A.B.N. Bank	10 %
Allied Irish Banks Ltd.	10 %
American Express Bk.	10 %
Amro Bank	10 %
A P Bank Ltd.	10 %
Henry Ansbacher	10 %
Banco de Bilbao	10 %
Bank of Credit & Cmce.	10 %
Bank of Cyprus	10 %
Bank of N.S.W.	10 %
Banque Belge Ltd.	10 %
Banque du Rhone	10½%
Barclays Bank	10 %
Barnett Christie Ltd.	11 %
Bremar Holdings Ltd.	11 %
Brit. Bank of Mid. East	10 %
■ Brown Shipley	10 %
Canada Perm't Trust	10 %
Capitol C & C Fin. Ltd.	10 %
Cayzer Ltd.	10 %
Cedar Holdings	10½%
■ Charterhouse Japhet	10 %
Choulartons	10 %
C. E. Coates	10 %
Consolidated Credits	10 %
Co-operative Bank	*10 %
Corinthian Securities	10 %
Credit Lyonnais	10 %
The Cyprus Popular Bk	10 %
Duncan Lawrie	10 %
Eagil Trust	10 %
English Transcont.	11 %
First Nat. Fin. Corp.	11½%
First Nat. Secs. Ltd.	11 %
■ Antony Gibbs	10 %
Greyhound Guaranty	10 %
Grindlays Bank	‡10 %
■ Guinness Mahon	10 %
■ Hambros Bank	10 %
■ Hill Samuel	§10 %
C. Hoare & Co.	†10 %
Julian S. Hodge	11 %
Hongkong & Shanghai	10 %
Industrial Bk. of Scot.	10 %
Keyser Ullmann	10 %
Knowsley & Co. Ltd.	12 %
Lloyds Bank	10 %
London Mercantile	10 %
Edward Manson & Co.	11½%
Midland Bank	10 %
■ Samuel Montagu	10 %
■ Morgan Grenfell	10 %
National Westminster	10 %
Norwich General Trust	10 %
P. S. Refson & Co.	10 %
Rossminster	10 %
Royal Bk. Canada Trust	10 %
Schlesinger Limited	10 %
E. S. Schwab	11½%
Security Trust Co. Ltd.	11 %
Shenley Trust	11 %
Standard Chartered	10 %
Trade Dev. Bank	10 %
Trustee Savings Bank	10 %
Twentieth Century Bk.	11 %
United Bank of Kuwait	10 %
Whiteway Laidlaw	10½%
Williams & Glyn's	10 %
Yorkshire Bank	10 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 7%. 1-month deposits 7[illegible]%.
† 7-day deposits on sums of £10,000 and under 6[illegible]%, up to £25,000 7[illegible]%, and over £25,000 8[illegible]%.
§ Call deposits over £1,000 7%.
‡ Demand and deposits 7[illegible]%.

GERMANY ◆

TOKYO ¶

AUSTRALIA

OSLO

BRAZIL

JOHANNESBURG

AMSTERDAM

BRUSSELS/LUXEMBOURG

PARIS

SWITZERLAND ◆

COPENHAGEN ♣

STOCKHOLM

SPAIN ♥

MILAN

VIENNA

FARMING AND RAW MATERIALS

European food industries demand farm policy change

BY CHRISTOPHER PARKES

THE EUROPEAN Community's food industry has urged the Commission in Brussels to launch an export drive for processed foods and to cut import charges on those food raw materials the EEC's own farmers cannot produce.

The organisations representing the food and drink industries of the Nine have, temporarily at least, set aside their differences and approached the Commission with a unanimous appeal.

Based on a document prepared last year by Britain's Food and Drink Industries Council, the appeal represents the first concerted effort by the EEC food business to influence the management of the Common Agricultural Policy.

Loudest voice in the Brussels lobby has always been that of the farmers and agricultural co-operatives represented in force by COPA and COGECA.

Now the CIAA—La Commission des Industries Agricoles et Alimentaires — is striving to make itself heard.

It said: "Policies for the benefit either of consumers or of farmers cannot be effective unless the food and drink industries are involved in their development."

"It is difficult to understand how it has been possible for *prices to be proposed to the* council without those who know the markets best having been consulted."

The EEC Commission should understand, the CIAA added, that it was at least as important to further exports of processed agricultural products as trade in primary farm produce. Processing brought both employment and added value.

Current export subsidy policy was designed to get rid of unmarketable surpluses rather than to find true export outlets, the organisation claimed.

On price policy, the CIAA commented: "Agricultural prices must allow efficiently-run farms to cover their costs, the investments they need, and a reasonable profit.

"It should be noted, however, that the Commission shows no comparable concern for the processors *of food products.* This anomaly must be corrected."

The organisation claims it does not want export subsidies to help it sell its products outside the Community—merely restitutions to cover the difference between their EEC raw material costs and those of their competitors in the outside world.

The CIAA appeal concludes that if the food industry's case continues to go unheard "agricultural price policy will continue to bear no relationship to the economic facts, and the food and drink industries will become increasingly less viable."

The EEC Commission is expected to spend two days on September 16 and 17 discussing means of redressing the imbalances in the Common Agricultural Policy.

It is hoped that proposals will be ready for debate by the EEC heads of government at their next "summit" planned for Germany on December 4 and 5, and that some changes of policy may be incorporated in the 1979 farm prices package due to be settled next spring.

Tin prices jump to year's high

By John Edwards, Commodities Editor

TIN PRICES jumped on the London Metal Exchange yesterday to reach the highest level this year.

Standard grade cash tin traded at £7,000 a tonne for the first time since early December 1977 before closing at £6,985 a tonne, £112.5 up on the previous day. Three months closed £76 higher at £6,887.5.

The market in fact opened slightly lower following some profit-taking sales. But once this dried up, trade buying against physical business met with an absence of sellers and the market moved up rapidly. The sudden surge took dealers by surprise since the Penang market is closed at present for a religious holiday.

This latest rise in prices, coming after the sharp increase in recent weeks, has brought tin values in London close to the all-time record levels reached in late 1977. It appears to be trade buying that is mainly responsible since speculators are generally apprehensive about a heavy fall in prices if there is any new announcement from the U.S. about the proposed releases of surplus stockpile tin.

For the moment, however, the legislation is held up in Congress and any sales are unlikely to be authorised before next year.

Copper, lead and zinc values lost ground yesterday following a report that miners at the Toquepala mine in Peru had returned to work.

However, according to the miners' leader, the return to work was because troops had been *preventing food* from reaching the area for the past two weeks. It was reported *later that workers at the Ilo* smelter were still on strike despite a Government decree ordering a return to work.

But in Chile the situation appears to have improved with the State Corporation, Codelco, *agreeing to reinstate six dismissed* miners at the Chuquicamata mine.

THAILAND MAIZE CROP TO RISE

BANGKOK, Sept. 5.

Thailand's maize production this year is estimated at 3.3m tonnes. This compares with a previous estimate of 2.75m and *last year's crop of 1.7m,* Commerce Ministry officials said.

However, they said floods in the north and northeast of the country could damage production and a final survey would be conducted in November.

About 1.2m tonnes are required for the domestic market, leaving the balance for export.

JAPANESE FISHING

Man-made reefs the new hope

BY ROBERT WOOD

JAPAN IS spending 75bn Yen (£200m) on a seven-year programme to develop and install artificial fishing reefs in the waters within its 200-mile fishing zone.

Participating companies hope to export the technology and the *products used to build the reefs* eventually. But the main purpose of the project is to aid the Japanese fishing industry by encouraging fish to gather around the reefs and ultimately by increasing the total number of fish in Japanese waters.

The reef construction programme is part of an overall fisheries development project that will cost Y200bn (over £500m). It began in 1976 as *other countries were still* declaring their own 200-mile zones, and continues to 1982.

The establishment of 200-mile fishing zones throughout the world was a hard blow to the Japanese fishing industry, which *after* World War Two learned to travel as far as the eastern coast of Canada in search of fish. However, it gave Japan itself one of the largest exclusive fishing zones in the world. Unfortunately, the zone was producing *almost* all that it could with conventional fishing methods.

The idea of building reefs to *increase* fish catches is not particularly new nor original to the Japanese. It has been suggested that even scrap cars can increase the fish population when they are dumped in the sea. But *officials of Sumitomo Cement,* one of the companies that is producing special structures for the reefs, say that once cars are collected it is more economic to use them as scrap metal than to dump them in the oceans. Additionally, scrap cars would tend to decay quickly, causing greater pollution.

However, the Japanese believe they are the only country that is putting the idea of artificial fish reefs into practical use. So far, 16 designs have been produced by 18 private companies and research institutes. All are designed to last 20 to 30 years after being dumped in the oceans. They range from a 7-metre tall, 8-metre wide triangular cement structure from the giant ship and heavy machinery builder, Ishikawajima-Harima Heavy Industries, to an aggregation of 15 used automobile tyres produced by Bridgestone tyre company. A smaller cement form shaped like a turtle with holes has been designed by Turtle Marine Engineering Development.

Design costs are included in the price the Government is paying for the reef structures.

Typically, the *reef* structures are made *of* cement or a combination of cement and plastic, with plenty of empty space inside them and holes for fish and currents to go in and out. Marine plants and animals grow much more prolifically on and around them than on a flat sea bottom.

Japanese scientists believe *migrating fish will be attracted* by the echo of the artificial reefs, by the movement of currents around them, and by the edible creatures near them.

So far, artificial reef structures have been dropped in about 100 locations off the coasts of Japan. Colour photographs taken by divers prove that they do increase the growth of marine creatures and the population of sedentary, non-migrant fish. Though the *reef structures* are eyesores on land, in the photographs they often look like tropical underwater paradises because of the variety of marine growth on them.

The sedentary fish that live all their lives around the reef structures have little economic value, however. Because they do not travel in schools, they can be caught only on a pole and line or with similar, equally time-consuming methods.

Migrant fish, however, have the major economic role. The "reefs" consisting of one or several of the man-made structures may be increasing the concentration of migrant fish, but it is hard to tell because they are so small.

Major effects on fish hauls will not be *discernible* until the completion of the current phase of the programme, which entails dropping enough reef structures in various offshore areas to produce the equivalent of a large natural reef. Seventeen such new large-scale reefs are under way and work is expected to begin on 12 more soon.

A scholar associated with the project said that the main purpose of the programme at this point was to encourage migratory fish to gather. He said that the reefs probably increased the ocean's total population of migratory fish, but that such an increase would have little economic meaning for Japan.

Most species of migratory fish, such as sardine, skipjack, and mackerel, travel so far that the fish which spawn near Japanese-built reefs are more likely to be caught in U.S., Soviet or Canadian waters, he said.

But the project's organisers do hope for a significant increase in the populations of such fish as sea bass and yellowtail, which migrate along the coast.

The Sumitomo Cement official *said studies of many aspects of* the problem were just beginning. The best shape for a fish reef structure remained undetermined, because the questions of whether it should be open or closed, made of thin pillars or flat *slabs,* depended *on* the tastes of different kinds of fish.

The Japanese are only now beginning to research the tastes of fish as thoroughly as they have previously researched the tastes of foreign consumers.

Sudan oil seed export hopes

BY ALAN DARBY

KHARTOUM, Sept. 4.

SUDAN HAS secured contracts for oil seed exports worth £125m so far during the 1977-78 marketing season. The figure represents 103,000 tons of groundnuts worth $70m; 74,000 tons of sesame seed worth $55m and 1,000 tons of castor seed worth $430,000.

Buyers of Sudan's oil seeds are primarily from Western Europe, Arab countries and Japan, but the Eastern bloc countries are showing increasing interest.

Export marketing is handled by the Sudan Oil Seeds Company, a concession company which is 58 per cent Government and 42 per cent privately owned. It was set up in 1974 to take over from three nationalised corporations.

Sales during 1976-77 were worth $133m, an increase on previous years. Helped by better world prices and improved marketing, the company hopes to do still better during this season.

Contracts already accepted for the present season's crop are covered by produce which is *ready for shipment.* Some 75,000 tons of groundnuts harvested earlier in the year in western Sudan, mainly in Darfur, are still held there in store because Sudan Railways has been unable to transport the produce to Port *Sudan, some 1,200 miles to the* East on the Red Sea.

Sales of these groundnuts when they are finally moved to the coast are expected to raise the value of this season's contracts. Earlier the Army was called in to move part of the Darfur crop by truck.

In recent years Sudan has increasingly seen oil seeds as a useful cash crop. During 1975-76 oil seeds made up 31.2 per *cent of the country's total* export earnings.

Sudan produces 16 to 20 per cent of the world's total sesame seed crop, and between 40 and 45 per cent of the world's exportable surplus.

Actual production of groundnuts in recent years has been about 600,000 tons. The company does not expect this figure to be much higher this season, although the target production figure in Sudan's six-year economic development plan is *more than double* at 1,218,000 tonnes. The Ministry of Agriculture's official production figure for 1976-77 was 704,900 tons.

Half of Sudan's groundnuts are grown in Western Sudan which has not been affected by flooding. The other half is produced mainly in the central area, including the Gezira where part of the crop has been severely damaged by floods. The final effect of the floods on the central area crop, which is harvested later than in the west, is not yet known.

Brazil soya products exports rise

RIO DE JANEIRO, Sept. 5.

BRAZIL shipped 3.33m tonnes of soyabean meal in the first seven months of this year against 2.45m tonnes in the same 1977 period, according to figures from the foreign trade department of the Bank of Brazil (Cacex).

Crude soyabean oil shipments in the same period rose to 318,000 tonnes from 216,000 tonnes. However, Soyabean shipments fell to 645,000 tonnes from 1.32m tonnes.

Cacex is holding a meeting with soyabean producers' co-operatives for a general discussion about the 1979 crop.

The meeting is expected to *discuss planting intentions,* marketing policy, and problems related to soyabean production in general.

Preparations for planting the next crop are scheduled to start later this month. Brazil normally harvests its soyabeans between February and May.

Reuter

S. Africa plans fluorspar output boost

JOHANNESBURG, Sept. 5.

SOUTH AFRICA plans to increase substantially its supplies to the world fluorspar market, which is now beginning to show signs of revival, H. H. Gossling, Minerals Bureau analyst, said here.

Currently ranked fifth among producer nations, South Africa expects to become the world's largest supplier of fluorspar by 1985 with an output of around 650,000 tonnes a year. Virtually the entire output will be for export.

Production this year is estimated at 358,000 tonnes, rising to about 388,000 *tonnes* in 1979 and 455,000 tonnes in 1980, with some 85 per cent to 90 per cent being exported each year, Mr. Gossling said.

He estimated total world demand by 1980 at about 4.98m tonnes of fluorspar concentrate, and that of western countries at 3.2m.

Consumption by the steel industry in Western countries is expected to be about 2.04m tonnes by 1980, against 1.65m last year, while that of the aluminium industry is *forecast* at 510,000 against 500,000 tonnes.

Reuter

Danish warning about low-quality bacon

BY HILARY BARNES

COPENHAGEN, Sept. 5.

THE SUPPLY of low-quality *bacon to the UK market* could destroy consumers' confidence in the product, Mr. S. Dyrlow Madsen, managing director of ESS-Food—the Danish bacon factory's export association—said here.

He said the time might be coming when the trade should consider establishing standards for what could rightly be called bacon. He was talking to UK trade journalists at a meeting to announce the launching of what is called "a concerted attack by ESS-Food on the UK frozen food market."

Mr. Dyrlow Madsen declined to say who was responsible for supplying low-quality bacon, but by implication it was clear he was thinking of some Dutch suppliers.

He suggested that to prevent the British market for bacon falling into disrepute, quality suppliers in all countries should try to persuade their colleagues that they were in danger of undermining the entire market in the long run.

He also said that it might be appropriate to take action to establish EEC rules for such matters as the brine content in bacon.

However, he agreed that the UK market for bacon this year had recovered with an increase in supplies of about 3 per cent, including an increase in the supplies of Danish bacon of about 9 *per cent.*

The market now was reasonably strong and in his view there could well be a total increase in supplies this year of about 4 per cent. In view of the fairly satisfactory demand for Danish bacon he could not see any need for a price reduction.

Ess-Food plans to launch six frozen convenience foods in the UK in October, selling mainly through freezer centres.

The products will be marketed under a new brand name, Danish Prime. They will include baconburgers, hamburgers, beefburgers, bacon fingers, steaklets and savory meat loaf. The *company hopes for sales of £5m in* 1979, which would amount to about 3 per cent of the market.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Lower on the London Metal Exchange but business remained slack. News that tension had eased in the Chilean and Peruvian mines initially pushed forward metal down from £750 to £742 but thereafter the price moved in a narrow range with trade interest absent. Comex moved narrowly and the price slipped to £748.3. It closed on the kerb at £748.5. Turnover 12,750 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £733.5, 33, 34, three months £748, 47.5, 48, 48, 47, 47.5, 48. Kerbs: Wirebars, three months £748, 47.5. Afternoon: Wirebars, cash £731.5, three months £747, 46.5, 47, 47.5, 47. Cathodes, three months £738. Kerbs: Wirebars, three months £746, 46.5.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
Wirebars	£	£	£	£
Cash	734-.5	-6.5	731.5-2	-7
3 months	747.5-8	-7	746.5-7	-7
Settlem't	734.5	-6.5		
Cathodes				
Cash	722-3	-7.75	720-1	-8.5
3 months	739-9	-7.25	737-8	-8
Settlm't	723	-7.5		
U.S. Smt.	—		63-66	

TIN—Very firm with forward metal starting at £6,820 (the East was closed overnight), and after slipping to £6,790, climbing steadily to a high for the day of £6,890 with cash metal at one stage touching £7,000. After early bull liquidation had dried up there was an absence of sellers in the face of covering against physical business and bear covering. Late profit-taking caused a slight reaction to a close on the kerb of £6,875. Turnover, 2,880 tonnes.

Morning: Standard, cash £6,950, 35, three months £6,860, £6,790, £6,800, 05, 10, 15, 20, 35, 45. High Grade, cash £6,950. Kerbs: Standard, cash £6,950, three months £6,845, 50, 60, 70. Afternoon: Standard, cash £7,000, £6,960, three months £6,885, 80, 85, 90, 95, 85. Kerbs: Standard, three months £6,885, 80, 75.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6940-60	+37.5	6980-90	+105
3 months	6855-65	+10	6900-10	+75
Settlem't	6950	+40		
Standard				
Cash	6940-5	+55	6980-90	+112.5
3 months	6840-5	+10	6885	+75
Settlem't	6945	+50		
Straits E.	$1814			
New York				

LEAD—Lower with forward metal initially pushed down from £346-£339 to £343 by stop-loss selling. Thereafter the price moved between £344 and £345.5 and closed on the kerb at £345. Turnover, 4,900 tonnes.

ZINC—Easier as forward was first marked down from £327-£328 to £325-£326. But then the price moved in a very narrow range, between £325.5 and £326.5, before closing on the kerb at £327. Turnover, 3,550 tonnes.

SILVER

Silver was fixed 9.55p an ounce lower for spot delivery in the London bullion market yesterday at 286.10p.

COCOA

Trading was nervous throughout the day. An early rally was met by commission sales and thereafter prices were sluggish, Gill and Duffus reported.

COFFEE

After a steady performance during the morning Robustas slipped lower in the afternoon, Drexel Burnham Lambert reported.

GRAINS

RUBBER

SOYABEAN MEAL

SUGAR

LONDON DAILY PRICE (raw sugar)

The market opened around previous closing levels. Trading was confined to a 100 points range in active conditions, C. Czarnikow reported.

WOOL FUTURES

MEAT/VEGETABLES

Hungarian: Swizzens 13lb 1.50. Bananas—Jamaican: Per pound 0.15. Avocados—Kenya: Fuerte 14/24s 3.70-4.50; S. African: Fuerte 3.80-4.50. Capsicums—Dutch: Per 5 kilos 2.50. Onions—Spanish: 3.00-3.20; Dutch: 2.00. Picklers 10 kilos 1.40. Tomatoes—Jersey: 1.70; Dutch: 2.00; Guernsey: 1.80-2.00. Melons—Spanish: Yellow 6/14 2.50.

English produce—Potatoes—Per 25 kilos ... —Per pound 0.30-0.50. Apples—Per pound Grenadier 0.04, Lord Derby 0.06, Bramley 0.07-0.10, Discovery 0.06-0.14, Tydeman's 0.06-0.10, Winter Pearmains 0.06-0.10. Pears—Per pound Dr. Jules 0.8, Williams 0.10. Plums—Per pound Belles 0.10, Pershores 0.06, Victorias 0.09-0.12. Damsons—Per pound 0.15. Tomatoes—Per 12lb English 1.80-1.90. Cabbages—Per crate 0.80. Celery—Per head 0.10. Cauliflowers—Per 12 Lincoln 2.00-2.40. Runner Beans—Per pound Stick 0.08-0.10. Beetroot—Per 28lb 0.60. Carrots—Per 28lb 0.50-0.60. Capsicums—Per pound 0.20. Courgettes—Per pound 0.08. Onions—Per bag 1.50-2.00. Swedes—Per 25lb 0.50. Turnips—Per 28lb 1.50. Parsnips—Per 28lb 1.40-1.50. Sprouts—Per pound 0.11-0.12. Cobnuts—Per pound Kent 0.40. Corn Cobs—Each 0.08-0.10.

COTTON

COTTON, Liverpool—Spot and shipment sales amounted to 370 tonnes, bringing the total for the week so far to 1,162 tonnes, W. F. Tattersall reported. Dealings remained on a broader basis. Activity was mainly in American-type styles with African and Turkish growths predominating.

El Salvador coffee for Europe

FREIGHT SPACE for 700,000 bags of coffee has been booked from El Salvador to northern Europe for August and September shipment, according to London shipping sources, Reuter reports.

Report of this booking confirms earlier coffee market reports that up to 800,000 bags of El Salvador coffee is being shipped unsold to Europe.

The freight sources said 200,000 bags of coffee were due for shipment in August and the remaining 500,000 bags this month.

Coffee dealers said they believed El Salvador was shipping the coffee to reduce stocks in front of the forthcoming new crop and to take advantage of possible quotas that might be introduced by the International Coffee Organisation in the year beginning October 1.

NICKEL WORKERS FREE TO STRIKE

TORONTO, Sept. 5.

INTERNATIONAL Nickel of Canada workers will be free to strike from September 8 after rejecting a final contract offer from the company, it was confirmed here. The contract included no direct wage increase over one year, a union spokesman said.

However, Dave Patterson, president of Local 6500 of the United Steelworkers of America, which represents the 12,350 Inco workers, said no strike date had been set and urged workers to go back to work while the bargaining committee renewed attempts to reach a settlement.

Reuter

PRICE CHANGES

Price per tonne unless otherwise stated.

	Sept. 5 1978	+ or —	Month ago
Metals			
Aluminium	£680		£683
Free market (c/s)	$1,075/85		$1045/85
Copper cash W.Bar	£731.75	-7	£724
3 months do. do.	£746.75	-7	£743.25
Cash Cathode	£720.5	-9.5	£717.75
3 months do. do.	£723	-7.5	£737.5
Gold ......Troy oz.	$209.875	-1.5	$205.875
Lead cash	£340	-4.125	£323.75
3 months	£345.25	-3.625	£328.75
Nickel			
Free Market (cif)(lb)	$1.80		$1.72
	1.93		1.87
Platinum troy oz.	£130		£128
Free Market	£135.65	+0.15	£136.85
Quicksilver (76lb.)	$125/30		$125/30
Silver troy oz.	286.10p	-0.55	288.8p
3 months	293p	-0.45	296.1p
Tin Cash	£6,985	+112.5	£6,880
3 months	£6,887.5	+76	£6,570
Tungsten (?)	$137.82	+3.56	$134.5
Wolfram 22.04 lb	$140/44		$1.3.67
Zinc cash	£318.5	-2.575	£321.5
3 months	£326.75	-2.125	£331.5
Producers	$625		$650/600
Oils			
Coconut (Phil)	$755s	+5	$630
Groundnut	£688	+10	£648
Linseed Crude (v)	£350		£331
Palm Malayan	$688r	+2	$636
Seeds			
Copra Phillip	$494s		$435
Soyabean (U.S.)	$263r		$258.75
Grains			
Barley EEC	†		†
Home Futures	£80.60	-0.20	£81.8
Maize			
French No. 3 Am	£100.75q		£99.5
Wheat			
No. 1 Red Spring	£91q		£91.75
No. 2 Hard Winter	‡		‡
English Milling†	£89.5		£93
Cocoa Shipment	£1,854.5	-18	£1,839
Future Dec.	£1,803.5	-18	£1,778
Coffee Future			
Nov.	£1,635	-12	£1,156.5
Cotton 'A' Index	74.63c		71.7c
Rubber kilo	57.75p		53
Sugar (Raw)	£99		£92
Wooltops 64s kilo	278p		281p

* Nominal. † New crop. ‡ Unquoted. m June-Aug. n July-Sept. q Sept. r Oct. s Sept.-Oct. u Aug.-Sept. x Per ton. z Indicator price.

INDICES

FINANCIAL TIMES

Sept. 4	Sept. 1	Month ago	Year ago
250.51	250.67	235.29	240.50

(Base: July 1, 1952=100)

REUTERS

Sept. 5	Sept. 4	Month ago	Year ago
1470.5	1471.3	1431.7	1502.3

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	Sept. 1	Aug. 31	Month ago	Year ago
Spot	379.11	378.38	353.45	370.15
Futures	375.68	374.11	343.62	327.40

(Average 1924-25-26=100)

MOODY'S

Moody's	Sept. 1	Aug. 31	Month ago	Year ago
Sple Commty	940.5	938.9	914.9	836.3

(December 31, 1931=100)

★

GRIMSBY FISH—Supply poor, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £6.00-£7.00, codlings £3.40-£4.80; large haddock £4.50-£5.00, medium £3.40-£4.40, small £2.50-£3.60; large plaice £4.70-£5.40, medium £4.20-£4.90, best small £4.00-4.30; large skinned dogfish £8.50, medium £5.60; large lemon soles £7.00, medium £6.00; rockfish £2.60-£2.60; saithe £2.50-£3.00.

Israeli bid to maintain citrus sales

TEL AVIV, Sept. 5

ABOUT 12,000 acres of citrus groves have been uprooted by Israeli farmers over the past year and the area put under crops needing less manual labour. But, total citrus exports have been maintained at around 48-49m cases annually.

This has been achieved by reducing significantly the amount of culls, which are sent to industry for processing.

However, it is claimed that there has been no lowering of the quality of exported fruit judging by the increased level of prices obtained abroad.

Overseas sales during the past 1977-78 season brought in $190m. At the same time, proceeds from exports of processed citrus (juice, concentrates, canned grapefruit) have risen to $80m.

The 1978-79 season is starting shortly with the picking of the first early grapefruit this week. It is expected that exports will again total about 48m cases.

U.S. heads grain yield table

WASHINGTON, Sept. 5.

U.S. farmers maintain a lead in terms of grain produced per unit of land, according to recent figures compiled by the U.S. Agriculture Department, reports AP-DJ.

Using the international metric system of evaluating grain production this year in selected countries, the department's Foreign Agricultural Service said that on average 3.91 metric tons of grain is being produced in the U.S. on each hectare expected to be harvested.

This compared with a "world" average production of 1.95 tonnes. Last year the U.S. average was 3.66 tonnes and the world average 1.87 tonnes.

Second highest was Western Europe with an estimated 3.42 tonnes per hectare, followed by Eastern Europe's 3.17 tonnes of grain—which includes wheat and so-called coarse grains such as maize and barley.

AUSTRALIAN MEAT FREIGHT INCREASE

SYDNEY, Sept. 5.

Freight rates for meat shipments from Australia to the UK and Europe will rise by 3.5 per cent frfom October 1 on a restructured base, the Australian Meat and Livestock Corporation and the Australia to Europe Shipping Conference said in a point statement.

The restructuring of the base took account of various factors including a new scale of *increased utilisation allowances.* The object is to provide greater incentive for exporters to improve packing of containers.

Reuter

STOCK EXCHANGE REPORT

Sharp technical rally but trade remains unimpressive

30-share index through 500 again with rise of 10.1

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
Aug. 21	Aug. 31	Sep 1	Sep. 12
Sep. 4	Sep. 14	Sep. 15	Sep. 26
Sep. 18	Sep. 28	Sep. 29	Oct. 10

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Despite continuing uncertainty about the Government's general election intentions, equity stock markets staged a sharp technical recovery yesterday. Apart from the fact that the market had begun to look oversold following the uninterrupted setback over the previous five trading days, *reasons for the turnround* were difficult to find.

Nevertheless, better-than-expected trading statements from *BICC and Plessey helped under*lying sentiment; the mid-August banking figures were also favourably received and, with prevailing conditions still ery thin and sensitive, leading Industrals were quick to respond to a modest amount of buying interest. The Prime Minister's speech to the TUC had little impact on late sentiment. Final quotations in the leaders were a few pence below the best, but still extended to around 14 and the FT 30-share *index up 10.1 at 503.5 recorded* its biggest one-day rise since November 8. The level of trade was unimpressive, official markings being only 4,370. This had been the case, however, in the recent slide. ICI, up 7 at 407, traded quietly awaiting Thursday's half-yearly statement.

The majority of secondary issues followed in the wake of the leaders. *Among the sectors, Store* shares were particularly good following the forecast from the Henley Centre of an extended improvement in consumer spending during 1979. Above-average gains were reuected in the FT-*Actuaries index for the sub*-section which recorded a rise of 2.5 per cent at 260.14 compared with an improvement of 1.6 per cent to 231.8 in the All-Share index.

Encouraged by the good banking statistics which should augur well for the next round of money supply figures, British Funds took a distinct turn for the better. Earlier modest gains in the shorts were extended to ½ following the *announcement*, while initial gains of ¼ in the longer maturities were increased to ½ a point by the close. Activity in the latter remained at a low ebb, but a little more trade *developed in the* shorts where the firmer trend continued into the late dealings.

A follow-through of the previous day's support led eventually to a more evenly balanced and diversified trade in investment currency which left the premium a point *higher at 91½ per cent, after 92½* per cent. Yesterday's SE conversion factor was 0.6977 (0.7094).

Activity in Traded Options *picked* up considerably with 897 contracts completed, compared with the previous day's modest total of *329*.

Banks better

Already firmer in sympathy with the general trend, the major clearing banks improved a few pence further following announcement of the banking statistics for *the four weeks to August 16.* **Lloyds** finished 7 to the good at 265p and **NatWest** were similarly better at 275p. Elsewhere, a firm market of late on hopes that the group may *soon* be *in* a position to resume interest payments on the loan, **FNC 9½ per cent Loan 1992-97** gained 1½ points more to £32 with the help of Press comment.

Technical influences left Insurances with gains ranging to 10. In front of their respective *interim statements today,* **Sun Alliance** gained 10 to 558p, **GRE** 8 to 236p and **Phoenix** 4 to 250p. **General Accident** put on 6 at 228p and **Commercial Union** 4 at 152p. **Trade** *Indemnity, on the other* hand, dipped 5 to 175p following the interim statement.

A. Bell stood out again in *Distilleries, rallying 10 to 272p* in active trading on hopes of a good set of preliminary figures shortly. Gains of around 5 were recorded by **Highland,** 149p, and **Distillers,** 194p, while **Invergordon** moved up 3 to 145p. Elsewhere, **Matthew Clark** featured with an improvement of 12 to 168p; the annual results are expected soon.

Leading Buildings were marked higher on selective buying inquiries, but secondary issues remained subdued. **Blue Circle** *firmed 6 to 258p and* **RMC** *3 to* 145p, while **Rugby Portland Cement** added 2 at 88p. In Constructions, **Taylor Woodrow** stood out with a gain of 12 to 454p ano, aided by a *bullish* Broker's circular. **John Laing A** improved 5 to 215p. Awaiting tomorrow's interim results, **Richard Costain** *hadened 6 to 242p and in response* to the first-half return to profitability, **William Whittingham** put on 4 to 38p. Elsewhere, **Heywood Williams** found renewed support and firmed 5½ to 151½p, while **G. H. Downing** moved up 4 to 135p in a restricted market.

In thin trading conditions ahead *of tomorrow's interim results,* **ICI** advanced 7 to 400p, while **Fisons** added a like amount at 380p. Buyers came *for* **Crystalate,** which put on 3 to 37p, but small selling clipped 7 from **Blagden and Noakes,** at 246p.

Stress advance

In contrast with several recent forecasts, a prediction that the current boom in consumer spending would continue throughout next year, stimulated Stores. **Gussies A** closed 10 higher at 312p and **Boots** finished 7 to the good at 227p, while **House of Fraser** improved 5 to 163p and **Combined English** 4 to 116p. **Burton** issues were again well to the fore, a resurgence of speculative bid hopes lifting the ordinary 12 to 186p, ahe A 9 to 178p and the Warrants 4 to 45p. *Speculative buying, also on take*-over hopes, helped **Liberty** improve 5 more to 190p and **Jas. Walker** rise 10 to 123p, while awaiting further developments in the bid discussions, **Bourne and Hollingsworth** gained 14 to 287p. **J. Beattie A** put on 6 to 128p in response to the higher first-half profits and **Cantors A** jumped 5 more to 43p following comment on the record figures.

Plessey returned to the limelight in Electricals, closing 5 better at 106p, after 108p, following the better-than-expected first quarter's figures. **BICC** reflected complete satisfaction with the half-yearly profits increase with a rise of 8 to 130p, after 132p, but **Decca A** made only a muted response to its preliminary results at 455p, up 5. **Racal Electronics** revived with a *jump of 12 to 330p, while sharp* rises of 8 were seen in **GEC,** 310p, and **Thorn Electrical,** 382p.

John Brown, with an above-*average* gain of 14 to 470p, led the rally in the Engineering sector. **Tubes** were 6 dearer at 400p, while **Vickers,** 198p, and **Hawker,** 242p, closed only 3 and 2 *higher respectively. Following* the early-morning announcement that **GKN's** interim results will be announced on September 15, the shares came under selling pressure, some of it country-inspired, and reacted to 273p before settling 4 down on balance at 275p. Elsewhere, **Whessoe** *gained 3 to 66p in response to* Press comment.

Goldrei Foucard figured prominently in Foods with a rise of 22 to 85p on that talks were in progress which may lead to an offer for the company. **Fitch Lovell** quickly denied rumours that it was the interested party and *gained 3 more to 63p on further* consideration of the chairman's recent statement. **Associated Dairies** advanced 9 to 245p, while gains of 5 or so were seen in **J. Bibby,** 237p, and **Tate and Lyle,** 176p. **Rowntree** rose 9 to 422p in anticipation of the interim figures which are due shortly, and **Carr's Milling** attracted speculative interest to close 4 higher at 62p. **Somportex,** at 70p, regained 2 of the previous day's fall of 6 which followed news of errors in the last set of accounts, *but* **Nurdin and Peacock** eased a penny to 86p on the first-half figures.

Trust Houses Forte returned to *favour in Hotels and Caterers,* recovering 9 to 224p after Monday's fall of 7 on nervousness about the imminence of a motorway catering report. **Grand Metropolitan** were also supported at 112p, up 4.

Misc. leaders rally

Miscellaneous Industrial leaders staged a useful technical rally yesterday but the volume of *business remained small.* **Beecham** rose 10 to 712p with the help of Press comment, while **Metal Box** added 8 to 364p and **Glaxo** 7 to 612p. Awaiting further news of the talks currently taking place with several Canadian concerns *regarding the possible sale of* Reed Paper, **Reed International** advanced 7 to 165p. Secondary issues also provided several firm features including **A. and R. Findlay,** which moved *forward* 5 to 48p following revived speculative buying in a thin market. Mirroring the return to profitability in the first-half and the resumption of interim dividend payments, **Myson** gained 4 to 73p, while **Ofrex** jumped 10 to 105p following the sharply higher *interim earnings.* **Diploma** *added* 4 at 205p also after trading news and **Hunting Associated** put on 10 to 325p following demand in a market none too well supplied with stock.

Motors and Distributors moved into higher ground under the lead of **Lucas Industries,** up 11 at 332p. *ERF rose 5 to 126p for a two-day* gain of 12, while **Dunlop,** at 76p, regained the previous day's fall of 2 attributed to adverse Press comment. **Lex Service** were active, the *Ordinary hardening 1½ to 83p* and the new nil-paid shares improving a penny to 6½p premium.

Further institutional opposition *to* **S. Pearson's** *offer* for the outstanding minority in **Pearson Longman** left the latter 5 lower at 242p; the former eased 2 to 228p.

Tridant Printers returned from suspension at 83p before closing at 82½p, compared with the suspension price of 80p, following the agreed revised offer of 85p cash per share from Starwest Investment.

Properties encountered a reasonable demand and closed at best levels. **Land Securities,** 237p, put on 4, as did **Stock Conversion,** at 262p, while **English Property,** 40½p, *and* **British Land,** 45½p, both improved 1½p. **Mountview Estates** advanced 12 to 71p and **Bernard Sunley** 10 to 276p, both aided by speculative interest. Gains of 5 were established by **Property and Reversionary A,** 320p, and **Warnford Investments,** 335p, while in a thin market **United Real,** 300p, improved 6. Buyers came in for **Great Portland,** 6 to the good at 208p, and **Chaddesley Investments,** 3 up at 54p. **Peachey Property,** a penny better at 83p, withstood the announcement that the oroginal proposed sale of the Park West complex had fallen through but discussions are to begin immediately with other interested parties.

Dull of late on the Bingham report controversy, leading Oils made good headway on renewed investment demand. **British Petroleum,** ahead of tomorrow's interim results, advanced 20 to 894p, while **Shell** improved 8 to 572p. **Ultdamar** put on 6 to 238p, after 240p, and **Tricentrol** 5 to 173p, while **Burmah** hardened 2 to 83p. **Oil Exploration,** 202p, and **Siebens UK,** 376p, both gained 6.

Investment Trusts took a turn for the better as recent small public selling ceased. **New Throgmorton Capital** advanced 7 to 137p on the publication of its net asset *value, while* **Ambrose Capital,** *79p,* and **Triplevest Capital,** 154p, put on 4 and 6 respectively. **Atlantic Assets** rose 3 to 104p, while **Bishopsgate Trust,** 186p, and **Broadstone,** *164p, both closed* 4 better. In Financials, **London Merchant** were noteworthy for an improvement of 5 to 126p. **Lamont** held at 17p; the price and change in yesterday's issue was incorrect.

Awaiting today's interim statement, **P and O** deferred fluctuated narrowly before closing a penny easier on the day at 84p. Other Shippings were also quiet and little changed.

Press comment directed attention to **Harold Ingram** which moved up 3 to 34p. *Elsewhere in Textiles,* **Caird (Dundee)** hardened 1½ more to 20p and **Shaw Carpets** improved 3 to 66p. In Tobaccos, **Imps** gained 3 to 84p following reports of improved trading.

Rubbers edged higher in light trading with **Highlands** ending 3 harder at 116p and **Guthrie** 10 to *the good at 375p.*

Strong De Beers

Strong continental and U.S. buying in the wake of the recent high dividend announcement, lifted the price of De Beers by 13 to 451p. The rise was accentuated *by the firm investment dollar* premium.

De Beers were the main feature in a strong-premium Financials market. **Union Corporation,** 13 higher at 318p. **Johannesburg Consolidated Investment,** ½ firmer at £16 and **Anglo American,** 12 harder at 356p all responded to *early Cape interest.*

But this degree of interest did not extend to South African Golds. The market tended easier in front of today's International Monetary Fund bullion auction, following the slightly lower trend of the gold price which closed $1.50 down at $209.875 an ounce.

The opening of the U.S. markets induced a steadier tone in later trading, but business was at a *low ebb,* mainly confined to *professional dealings.* However, the rise in the premium led to over-all *steadiness* in sterling terms and the Gold Mines Index rose 3.2 to 186.1.

Among the heavily priced issues, **FS Geduld** were ½ higher at £19¼, while **Vaal Reefs** at £16½ and **Western Holdings** at £21⅜ both *gained* ⅜.

Business in London Financials was also subdued and with the exception of **Selection Trust,** which rose 6 to 456p, they did not exhibit the same strength as the domestic industrial market. **Rio Tinto-Zinc** were 3 harder at 232p, while **Consolidated Gold Fields** and **Charter** were both steady at 190p and 146p respectively.

But there was brisk trading in Australians during the morning. *Later, nervousness crept over the* market and prices tended to close beneath their best. Interest was again centred on uraniums and diamond stocks.

Pancontinental were ½ easier at £14¼ after the Northern Land Council statement about Jabiluka, but the Ranger partners were *very firm with* **Peko-Wallsend** 12 better at 564p and **EZ Industries** 10 higher at 290p.

Conzinc Riotinto, the leader of *the Ashton diamond venture,* slipped to 318p for a net fall of 4 after being 324p, while one of the smaller partners, **Northern Mining,** finished at 124p, for a net loss of 6, after initially trading at 130p.

Diamond interest continued to boost **Tanganyika Concessions,** *another Ashton partner, and the* shares closed 3 better at 177p.

FINANCIAL TIMES STOCK INDICES

—	Sept. 5	Sept. 4	Sept. 1	Aug. 31	Aug. 30	Aug. 29	A year ago
Government Secs	70.52	70.18	70.34	70.19	70.42	70.63	72.1[illegible]
Fixed Interest	71.75	71.62	72.05	72.14	72.25	72.42	71.74
Industrial Ordinary	503.5	495.4	498.0	498.5	503.0	506.8	525.[illegible]
Gold Mines	186.1	182.9	180.2	185.3	181.6	173.6	119.[illegible]
Ord. Div. Yield	5.30	5.40	5.36	5.36	5.31	5.28	[illegible]
Earnings Y'ld% (full)(*)	15.83	16.3	16.00	15.99	15.85	15.76	14.2[illegible]
P/E Ratio (net)(*†)	8.38	8.22	8.29	8.39	8.36	8.41	8.7[illegible]
Dealings marked	4,370	4,804	4,922	5,065	4,736	4,348	8,8[illegible]
Equity turnover £m	—	51.37	76.50	82.96	64.09	74.07	157.7[illegible]
Equity bargains total	—	16,006	19,069	15,784	13,012	14,737	31,43[illegible]

10 am 495.8. 11 am 499.7. Noon 500.2. 1 pm 502.4. 2 pm 503.2. 3 pm 503.5.

Latest Index 01-246 8026.

* Based on 52 per cent. corporation tax. † Nil=8.18.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (5/1)	68.79 (5/6)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1)	70.73 (6/6)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	523.2 (22/8)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	206.6 (14/8)	130.3 (5/1)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Sept. 5	Sept. 4
—Daily		
Gilt-Edged	124.2	139.4
Industries	165.6	175.8
Speculative	30.0	35.8
Totals	99.5	109.3
5-day Average		
Gilt-Edged	148.8	147.1
Industrials	175.2	173.8
Speculative	33.3	33.1
Total	108.8	108.7

OPTIONS

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Aug. 30	Sep. 11	Nov. 23	Dec. 5
Sep. 12	Sep. 25	Dec. 7	Dec. 19
Sep. 26	Oct. 9	Dec. 7	Jan. 9

For rate indications see end of Share Information Service

Money was given for the call of ICI, I. and J. Hyman, Land Brick, Fitch Lovell, Talk Racal Electronics, ERF, Burmah Oil, Atlantic Assets, Burton, J. Halstead, Property and Reversionary A, Stock Conversion, Lonrho and Mining Supplies. Puts were done in BP, Bourne and Hollingsworth and Dunlop, while a short-dated double was arranged in P and O Deferred.

LONDON TRADED OPTIONS

Option	Ex'rcise price	October Closing offer	October Vol.	January Closing offer	January Vol.	April Closing offer	April Vol.	Equity close
BP	750	149	—	166	—	—	—	895p
BP	800	99	—	125	—	145	—	"
BP	850	49	77	89	—	106	—	"
BP	900	26	41	55	—	76	—	"
BP	950	10	5	31	—	50	3	"
Com. Union	140	15	10	16	—	22	—	152p
Com. Union	160	3½	—	9	—	12	8	"
Com. Union	180	¾	—	4	—	6	—	"
Cons Gold	160	34	10	35	—	41	—	190p
Cons. Gold	180	18	—	22	—	29	—	"
Cons. Gold	200	6½	—	12	—	18	—	"
Courtaulds	100	19	—	20½	—	—	—	117p
Courtaulds	110	11	5	15	—	17	1	"
Courtaulds	120	5	5	8	—	12	—	"
Courtaulds	130	2¾	10	5	6	8½	—	"
GEC	220	94	—	102	1	—	—	312p
GEC	240	74	—	83	—	86	—	"
GEC	260	54	4	64	1	69	—	"
GEC	280	34	6	48	6	54	—	"
GEC	300	20	3	34	3	40	15	"
GEC	330	6½	32	18	12	25	6	"
Grand Met.	100	14	20	19½	9	20	—	112p
Grand Met.	110	8	51	12½	18	14½	2	"
Grand Met.	120	3¼	99	6½	91	9	—	"
ICI	330	75	—	76	—	78	—	402p
ICI	360	45	8	47	25	54	—	"
ICI	390	18	—	28	—	35	10	"
ICI	420	7	50	18½	15	21½	—	"
Land Secs.	180	59	—	62	—	66	—	237p
Land Secs.	200	39	—	43	—	48	—	"
Land Secs.	220	19½	50	27	3	32	—	"
Land Secs.	240	7	28	14	53	20	—	"
Marks & Sp.	60	28½	—	29	—	30	—	86p
Marks & Sp.	70	18½	—	18½	2	20	—	"
Marks & Sp.	80	9½	16	11½	—	13½	—	"
Marks & Sp.	90	4½	20	6	10	8	—	"
Shell	500	77	—	79	—	97	—	575p
Shell	550	35	3	42	21	62	—	"
Shell	600	8½	7	22	11	35	5	"
Totals			560		287		50	

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (69)

AMERICANS (1)
Amax

CANADIANS (1)
Bow Valley

BEERS (2)
Clark (M.) — Wolvhmptn. Dudley

BUILDINGS (7)
Costain (R.) — Milbury
Crouch (D.) — Taylor Woodrow
Downing (G. H.) — Warrington
Heywood Williams

CHEMICALS (2)
Brent Chems. — Coalite & Chem.

STORES (7)
Cantors A — Cope Sportswear
Casket (S.) — Walker (Jas.)
Liberty — Wearwell
Do. N-V Ord.

ELECTRICALS (2)
BICC — Plessey

ENGINEERING (7)
Bevan (D. F.) — Saville Gordon
Braham Millar — Spear & Jackson
Edbro — Stothert & Pitt
Mining Supplies

FOODS (2)
Carr's Milling — Goldrei Foucard

INDUSTRIALS (10)
Biddle — Pentos
Chamberlain Phipps — Do. 15pc Conv Ln 1985
Grampian — Reed Intl.
Hyman (I. & J.) — Relyon PBWS
Medminster
Sketchley

LEISURE (1)
Nationwide Leis.

MOTORS (2)
E.R.F. — British Car Auctions

NEWSPAPERS (1)
BPM Hldgs. A

PAPER (4)
Bemrose — Oxley Printing
Clay (R.) — Tridant Group

PROPERTY (4)
Mountview — Warnford Inv.
Utd. Real Prop. — Westminster Prop.

SHOES (2)
Newbold & Burton — Ward White

TEXTILES (5)
Caird (Dundee) — Small & Tidmas
Haggas (J.) — Tern-Consulate
Shaw Carpets

TRUSTS (4)
Crescent Japan — Jardine Japan
G.T. Japan — London Merchant

OILS (2)
Burmah — CCP North Sea

MINES (3)
Conzinc Riotinto — Peko-Wallsend
Endeavour

NEW LOWS (1)

INDUSTRIALS (1)
Wilson Walton

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	73	—	4
Corpns. Dom. and Foreign Bonds	14	—	48
Industrials	563	148	830
Financial and Prop.	252	33	223
Oils	18	3	14
Plantation	4	4	23
Mines	70	6	52
Recent Issues	15	3	35
Totals	1,009	197	1,229

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
ICI	£1	14	400	+ 7	414	328
GEC	25p	12	310	+ 8	317	233
Shell Transport	25p	12	572	+ 8	602	484
BATs Defd.	25p	10	283	+ 5	304	227
Burmah Oil	£1	10	83	+ 2	84	42
Grand Met.	50p	10	112	+ 4	121	87
BICC	50p	9	130	+ 8	132	99
BP	£1	9	894	+20	926	720
De Beers Defd.	R0.05	9	451	+13	464	285
Beecham	25p	8	712	+10	725	583
Boots	25p	8	227	+ 7	233	184
Distillers	50p	8	194	+ 5	204	163
GKN	£1	8	275	— 4	296	248
Racal Electronics	25p	8	330	+12	344	196
GUS A	25p	7	312	+10	326	256

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or —	Div. Amount	Times Covered	Gross Yield	P/E Ratio
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Carless Superfoods	76		[illegible]		4.8	6.8
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]					
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	[illegible] Furn. Services	87	+2	[illegible]		8.1	6.1
115	F.P.	[illegible]	[illegible]	[illegible]	Jones (E.) (Jewllrs) 10p	147	-1	[illegible]		5.6	12.8

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price £	+ or —
[illegible]					[illegible]		

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or —
[illegible]					[illegible]		

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Minimum tender price. ‖‖ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS

GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

	Groups & Sub-sections	Tues., Sept. 5, 1978 Index No.	Day's Change %	Est. Earnings Yield % (Max.) Corp. Tax 52%	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net) Corp. Tax 52%	Mon. Sept. 4 Index No.	Fri. Sept. 1 Index No.	Thurs. Aug. 31 Index No.	Wed. Aug. 30 Index No.
1	CAPITAL GOODS (170)	241.84	+1.4	16.04	5.13	8.55	237.59	239.56	240.18	241.52
2	Building Materials (27)	214.68	+1.2	16.39	5.23	8.42	212.21	214.62	215.27	218.73
3	Contracting, Construction (27)	402.90	+1.7	17.32	3.85	8.38	396.12	395.78	395.87	395.12
4	Electricals (14)	528.71	+2.7	13.57	3.48	10.23	514.76	521.97	523.59	521.32
5	*Engineering Contractors* (14)	346.11	+0.5	18.60	5.99	7.26	344.24	349.00	350.11	356.10
6	Mechanical Engineering (72)	192.63	+1.0	17.06	5.64	7.82	190.72	191.70	192.29	193.56
8	Metals and Metal Forming (16)	173.86	+0.4	16.19	8.12	8.41	173.14	173.91	174.15	175.95
11	CONSUMER GOODS (DURABLE) (52)	217.52	+2.0	16.15	4.86	8.62	213.17	214.40	214.86	216.78
12	Lt. Electronics, Radio TV (15)	266.89	+2.4	14.11	3.82	9.91	260.71	262.43	263.14	265.46
13	Household Goods (12)	178.65	+0.2	16.86	6.34	8.17	178.24	178.58	178.79	181.18
14	Motors and Distributors (25)	131.55	+1.9	19.31	6.22	7.18	129.10	129.79	130.00	131.03
21	CONSUMER GOODS (NON-DURABLE) (175)	216.51	+1.9	15.10	5.57	8.93	212.44	213.60	214.94	217.13
22	Breweries (14)	229.68	+1.2	15.11	6.11	9.10	226.99	228.23	230.39	231.44
23	Wines and Spirits (6)	277.87	+2.8	15.34	5.17	9.73	270.28	274.38	275.03	278.16
24	Entertainment, Catering (17)	262.06	+2.6	15.49	6.63	9.43	255.39	261.55	263.35	265.97
25	Food Manufacturing (21)	212.59	+1.4	17.88	5.21	7.39	209.69	209.33	210.87	213.47
26	Food Retailing (15)	222.62	+1.8	13.67	4.63	10.15	218.79	218.84	220.38	223.32
32	Newspapers, Publishing (13)	393.67	+0.5	10.32	3.21	13.84	391.56	392.53	392.76	398.17
33	Packaging and Paper (15)	149.29	+2.0	17.43	7.12	7.54	146.33	147.14	146.97	147.87
34	*Stores* (40)	206.14	+2.5	10.48	4.38	14.01	201.12	202.04	203.37	205.49
35	Textiles (25)	178.58	+1.3	18.39	7.76	7.09	176.25	177.54	177.95	178.37
36	Tobaccos (3)	253.73	+1.8	21.70	7.39	5.45	249.13	250.10	252.59	256.11
37	Toys and Games (6)	117.23	+0.4	19.34	5.45	6.05	116.74	116.73	116.42	119.41
41	OTHER GROUPS (98)	211.48	+1.5	15.26	5.56	8.56	208.35	209.33	209.56	211.80
42	Chemicals (19)	299.87	+1.6	16.59	6.04	8.20	295.10	296.16	295.33	299.22
43	Pharmaceutical Products (7)	277.43	+1.2	10.33	3.68	11.96	274.01	274.85	274.94	277.02
44	Office Equipment (6)	142.76	+1.5	16.78	5.32	7.05	140.66	142.17	142.15	142.52
45	Shipping (10)	410.26	—	17.62	7.46	6.99	410.35	412.71	412.72	414.54
46	Miscellaneous (56)	223.94	+1.8	16.32	5.99	8.12	219.91	221.11	222.46	225.37
49	INDUSTRIAL GROUP (495)	228.68	+1.7	15.45	5.41	8.72	224.85	226.20	227.05	229.11
51	Oils (5)	506.15	+1.9	14.57	3.90	7.44	496.77	499.68	499.72	506.36
59	500 SHARE INDEX	251.98	+1.7	15.32	5.19	8.51	247.69	249.17	249.98	252.40
61	FINANCIAL GROUP (100)	172.28	+1.7	—	5.60	—	169.44	170.26	170.95	173.11
62	Banks (6)	192.22	+2.0	24.32	6.09	6.17	188.48	189.73	189.77	193.13
63	Discount Houses (10)	210.28	—	—	8.22	—	210.28	214.38	214.38	217.82
64	Hire Purchase (5)	160.77	+1.2	15.15	5.13	8.71	158.83	159.10	159.91	162.06
65	Insurance (Life) (10)	143.99	+1.6	—	6.32	—	141.77	142.86	144.12	145.77
66	Insurance (Composite) (7)	131.36	+2.1	—	6.57	—	128.68	129.12	130.48	132.15
67	Insurance Brokers (10)	353.21	+1.7	13.40	4.50	10.67	347.21	348.20	350.35	354.48
68	Merchant Banks (14)	84.52	+0.2	—	5.82	—	84.37	84.71	85.11	85.59
69	Property (31)	257.26	+1.5	3.20	2.92	54.78	253.39	254.38	253.77	255.75
70	Miscellaneous (7)	112.54	+0.3	22.46	7.42	5.77	112.15	112.26	112.26	113.31
71	Investment Trusts (50)	224.77	+0.7	3.10	4.59	32.30	223.24	225.47	229.08	232.55
81	Mining Finance (4)	105.66	+0.9	16.70	6.74	7.29	104.68	105.31	106.38	107.86
91	Overseas Traders (19)	328.86	+0.5	15.17	6.79	8.26	327.32	327.58	329.61	332.97
99	ALL-SHARE INDEX (673)	231.08	+1.6	—	5.29	—	227.38	228.71	229.66	232.07

FIXED INTEREST PRICE INDICES

	British Government	Tues., Sept. 5	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	104.75	+0.32	—	6.70
2	5-15 years	115.26	+0.51	—	7.19
3	Over 15 years	121.61	+0.50	—	9.36
4	Irredeemables	127.00	+0.68	—	9.02
5	All stocks	113.05	+0.44	—	7.80

FIXED INTEREST YIELDS
Br. Govt. Av. Gross Red.

			Tues., Sept. 5	Mon., Sept. 4
1	Low Coupons	5 years	8.82	8.88
2		15 years	10.90	10.98
3		25 years	11.61	11.69
4	Medium Coupons	5 years	11.65	11.77
5		15 years	12.10	12.17
6		25 years	12.11	12.17
7	High Coupons	5 years	11.58	11.72
8		15 years	12.62	12.69
9		25 years	12.82	12.88
10	Irredeemables		11.61	11.68

		Tuesday, Sept. 5 Index No.	Yield %	Monday Sept. 4	Friday Sept. 1	Thurs. Aug. 31	Wed. Aug. 30	Tues. Aug. 29	Friday Aug. 25	Thur. Aug. 24
15	20-yr. Red. Deb & Loans (15)	57.84	12.84	57.85	57.79	57.80	57.81	57.82	57.83	57.82
16	Investment Trust Prefs. (15)	51.38	13.84	51.52	51.60	51.14	51.27	51.32	51.33	51.32
17	Coml. and Indl. Prefs. (20)	70.66	12.93	70.69	70.64	70.67	70.77	70.82	70.82	70.82

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p. ● Corrected.

AUTHORISED UNIT TRUSTS

Minster Fund Managers Ltd.
Minster Hse., Arthur St., EC4. 01-623 1050
Minster Sept. 4 ... 37.5 39.5 ... 5.45
Exempt August 31 100.7 104.7 ... 6.33

MLA Unit Trust Mgemnt. Ltd.
Old Queen Street, SW1H 9JG. 01-930 7333
MLA Units ... 46.6 49.0 -0.2 3.67

Mutual Unit Trust Managers♥ (a)(g)
15, Copthall Ave., EC2R 7BU. 01-606 4803

Provincial Life Inv. Co. Ltd.♥
222, Bishopsgate, E.C.2. 01-247 6533
Prolific Units ... 91.7 98.2 +1.2 2.97
High Income ... 121.4 130.1 +1.1 7.21

Prudl. Portfolio Mngrs. Ltd.♥ (a)(b)(c)
Holborn Bars, EC1N 2NH 01-405 9222
Prudential ... 133.5 142.0 +1.5 4.14

Quilter Management Co. Ltd.♥
The Stk. Exchange, EC2N 1HP 01-600 4177

Target Tst. Mgrs. (Scotland) (a)(b)
19, Athol Crescent, Edin. 3. 031-229 8621/2

Trades Union Unit Tst. Managers♥
100, Wood Street, E.C.2 01-628 8011
TUUT Sept. 1 ... 51.7 55.1 ... 5.32

CORAL INDEX: Close 503-508

INSURANCE BASE RATES

†Property Growth	10¼%
†Vanbrugh Guaranteed	9.37%

†Address shown under Insurance and Property Bond Table.

INSURANCE AND PROPERTY BONDS

OFFSHORE AND OVERSEAS FUNDS

Alexander Fund
37, rue Notre Dame, Luxembourg.
Alexander Fund ... $US7.60 ... —
Net asset value Aug. 30

Allen Harvey & Ross Inv. Mgt. (C.I.)
1, Charing Cross, St. Helier, Jsy C.I. 0534-73741
AHR Gilt Edg. Fd. ... 10.00 10.02 ... 12.15

Arbuthnot Securities (C.I.) Limited
P.O. Box 284, St. Helier, Jersey. 0534 72177
Cap. Tst. (Jersey) 119.0 123.0 ... 4.03

Keyselex Mngt., Jersey Ltd.
PO Box 98, St. Helier, Jersey. (Eng. 01-606 7070)

King & Shaxson Mgrs.
1 Charing Cross, St. Helier, Jersey. (0534) 73741

Hill-Samuel & Co. (Guernsey) Ltd.
8 LeFebvre St., Peter Port Guernsey. C.I.
Guernsey Tst. ... 160.1 171.3 +2.4 3.52

Hill Samuel Overseas Fund S.A.
37, Rue Notre-Dame, Luxembourg
$US20.74 21.57 ... —

International Pacific Inv. Mngt. Ltd.
PO Box R237, 56, Pitt St., Sydney, Aust.
Javelin Equity Tst. $A2.28 2.40 ... —

J.E.T. Managers (Jersey) Ltd.
PO Box 194, Royal Tst. Hse., Jersey 0534 27441
Jersey Extrnl. Tst. 186.0 197.0 ... —
As at July 31. Next sub. day August 31.

Jardine Fleming & Co. Ltd.
46th Floor, Connaught Centre, Hong Kong

Jardine Estn. Tst.	HK$311.95	...	2.30
Jardine J'pn Fd.*	HK$460.75	...	0.80
Jardine S.E.A.	$US19.82	...	1.70
Jardine Flem. Int.	HK$11.40	...	—
Intl Pac. Secs. (Inc.)	HK$14.56	...	—
Do. (Accum.)	HK14.70	...	—

NAV Aug. 15. *Equivalent $US84.01. Next sub. August 31.

Utd. Intnl. Mngmnt. (C.I.) Ltd.
14, Mulcaster Street, St. Helier, Jersey.
U.I.B. Fund ... $US102.57 104.15 ... 7.92

United States Tst. Intl. Adv. Co.
14, Rue Aldringer, Luxembourg.
U.S. Tst. Inv. Fnd. $US11.37 ... 0.96
Net assets Sept. 1.

S. G. Warburg & Co. Ltd.
30, Gresham Street, EC2 01-600 4555

Conv. Bd. Sept. 4	$US9.66	+0.04	—
Eng. Int. Sept. 4	$US18.93	...	—
Gr. St. $Fd. Sept. 1	$US7.50	...	—
MercEbdFd Aug 30	$US18.34 18.42	...	0.2880

Warburg Invest. Mngt. Jrsy. Ltd.
1, Charing Cross, St. Helier, Jsy. CI 0534 73741

CMF Ltd. Aug. 31	$US15.18	15.60	...	—
CMT Ltd. Aug. 31	£13.82	14.18	...	—
Metals Tst. Aug. 17	£12.72	12.52	...	—
TMT August 11	$US12.30	12.95	...	—
TMT Ltd. Aug. 11	£11.40	11.69	...	—

World Wide Growth Management♦
10a, Boulevard Royal, Luxembourg.
Worldwide Gth Fd $US16.89 +0.10 —

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

FT SHARE INFORMATION SERVICE

BONDS & RAILS—Cont.

1978 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
55	42	Hung. '24 Ass.	50		4½	5.59
77	65	Iceland 6½pc '83-88	66			12.70
88	82½	Ireland 7½pc '81-83	82½		7½	12.64
91	79	Do 8¾pc '91-96	79¾xd	+½	9¾	12.44
425	265	Japan 4pc '10 Ass.	390	+5	—	—
87	68½	Do 6pc '83-88	72		6	10.70
160	140	Peru Ass. 3pc	140		3	2.17
75p	75p	S.G.I. 6½pc 1980	75p		6½	8.67
$99	$94½	Turin 9pc 1991	$94½		9	9.52
DM91	DM81	Turin 6½pc 1984	DM91		6½	8.80
97	94	Uruguay 3½pc	97		3½	3.60

U.S.$ & DM prices exclude inv. $ premium

AMERICANS

[illegible]

S.E. List Premium 43⅞% (based on $US1.9438 per £)
Conversion factor 0.6977 (0.7004)

CANADIANS

[illegible]

S.E. List Premium 43⅞% (based on $2.2394 per £)

BANKS AND HIRE PURCHASE

1978 High	Low	Stock	Price	+ or —	Div Net	Cvr	Y'ld Gr's	P/E
		[illegible]						
217	155	Hambros	185		9.76	—	7.9	—
100	81	Hill Samuel	95	-1	4.97	—	7.8	—
600	325	Do. Warrants	350	-37	—	—	—	—
360	203	Hong Shng $2.50	329	-1	hQ59c	—	2.1	—
69	52	Jessel Toynbee	58		h3.32	—	8.5	—
215	160	Joseph (Leo) £1	200		8.74	—	6.5	—
52	37	Keyser Ullmann	48	+1	0.67	—	2.1	—
74	56	King & Shax 20p	60		3.44	—	8.6	—
114	90	Kleinwort B.L.	107	+1	4.18	—	5.8	—
297	242	Lloyds £1	265	+7	†9.23	4.8	5.2	6.0

BANKS & HP—Continued

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

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FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INTERNATIONAL BANK

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

1978 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
24	17	Antofagasta Rly.	24	.....	—	—
41	33	Do. 5pc Pref.	41	.....	—	—
98	98	Chilean Mixed	98	.....	—	£3.10
415	350	German Yng. 4½pc	411	.....	4½	—
54	46	Greek 7pc Ass.	52	.....	3½	f6.90
51	46	Do 6pc '28 Stab. Ass.	50	.....	6	f6.04
44	40	Do 4pc Mixed Ass.	42	.....	4	£5.05

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FINANCE

DIAMOND AND PLATINUM

MINES—Continued

CENTRAL AFRICAN

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Yld Gr's
210	155	Falcon Rh 50c	174	−4	Q50c	1.3	24.5
24	15	Rhod'n Corp. 16½p	18	−1	0.57	7.1	4.7
60	52	Roan Cons. K4	65	.....	—	—	—
For Tanganyika see Tanks—Mines Finance							
41	32	Wankie Col. Rh.1	37	−½	†Q7½c	1.4	17.3
17½	10	Zam Cpr SBD0.24	15	+½	—	—	—

AUSTRALIAN

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Yld Gr's
15	10	Acmex 25c	13	.....	—	—	—
140	64	Bougainville 50 Toea	137	+2	†Q8c	1.4	3.7
125	63	BH South 50c	110	+2	—	—	—
320	150	Central Pacific	425	.....	—	—	—
324	148	Conzinc Riotinto 50c	318	−4	‡Q10c	2.2	‡
27	9½	Endeavour 30c	27	+1	—	—	—
72	45	G.M. Kalgoorlie $1	58	+2	—	—	—
68	18	Haoma Gold N.L.	66	−2	—	—	—
140	81	Hampton Areas 5p	132	+2	t3.55	2.0	4.0
40	10	Metals Ex. 50c	36	+2	—	—	—
223	125	M.I.M. Hldgs. 50c	207	+1	Q9c	1.7	2.7
39	10	Mount Lyell 25c	31	.....	—	—	—
6½	1½	Newmetal 10c	5¼	.....	—	—	—
145	79	North B. Hill 50c	120	+1	Q8c	ϕ	4.2
16½	8½	Nth. Kalgurli	15	.....	—	—	—
50	12	Nth. West Mining	50	.....	—	—	—
178	117	Oakbridge $A1	159	+4	†Q11c	1.9	4.3
70	30	Pacific Copper	60	.....	—	—	—
£15½	750	Pancont 1.25c	£14½	−⅛	—	—	—
40	12	Paringa M&Ex. 5p	32½	+2	—	—	—
564	310	Peko-Wallsend 50c	564	+12	Q15c	ϕ	1.6
300	50	Southern Pacific	170	.....	—	—	—
160	84	Westn. Mining 50c	154xd	+8	Q3c	ϕ	‡
70	35	Whim Creek 20c	55	+5	—	—	—

TINS

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Yld Gr's
30	23	Amal. Nigeria	27	+1	2.82	ϕ	16.9
430	240	Ayer Hitam $M1	375	.....	‡Q57½c	0.9	‡
60	45	Beralt Tin	55	.....	3.81	4.4	10.8
305	200	Berjuntai $M1	270	.....	Q110c	ϕ	8.8
145	111	Geevor	140	.....	0.04	ϕ	5.4
10½	6½	Gold & Base 12½p	10	−½	—	—	—
320	220	Gopeng Cons.	315	.....	15.23	0.9	7.3
220	130	Hongkong	220	.....	—	—	—
93	78	Idris 10p	90	.....	‡12.0	1.6	‡
11	9	Jantar 12½p	9	.....	—	—	—
84	68	Kamunting $M0.50	79xd	.....	Q12½c	ϕ	3.4
640	450	Killinghall	640	.....	Q125	ϕ	20.2
470	260	Malay Dredging $M1	450	.....	†Q95c	0.8	4.5
73	40	‡Pahang	74	.....	‡Q3.75c	0.5	‡
78	50	Pengkalen 10p	76	.....	6.60	1.3	13.0
270	255	Petaling $M1	270	.....	†Q80c	1.6	6.8
64	49	Saint Piran	57xd	.....	2.03	ϕ	5.3
61	47	South Crofty 10p	56	−1	4.19	2.0	11.2
245	240	South Kinta $M0.50	220xd	.....	Q70c	ϕ	6.8
345	250	Sthn Malayan $M1	320	.....	‡Q131⅓c	1.1	8.8
240	234	Sungei Besi $M1	220	.....	Q65c	ϕ	6.4
85	55	Supreme Corp. $M1	70	.....	ZQ10c	—	3.1
100	65	Tanjong 15p	90	.....	6.60	0.8	10.9
130	74	Tongkah Hrbr. $M1	90	.....	‡Q8.82c	1.6	‡
270	148	Tronoh $M1	242	+2	ZQ88c	1.6	7.8

COPPER

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Yld Gr's
104	70	Messina R0.50	85	.....	‡Q30c	1.9	‡

MISCELLANEOUS

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Yld Gr's
61	35	Barymin	50	.....	—	—	—
17	9	Burma Mines 17½p	13	.....	—	—	—
300	215	Cons. Murch. 10c	235	.....	‡Q30c	2.6	‡
365	245	Northgate C$1	355	+5	—	—	—
242	164	R.T.Z.	232	+3	9.5	2.8	6.1
90	30	Sabina Inds. C$1	52	.....	—	—	—
£12	750	Tara Exptn. $1	875	.....	—	—	—
73	43	Yukon Minerals 10p	69	+1	ϕ1.35	ϕ	2.9
165	120	Yukon Cons. C$1	153	.....	Q7c	2.9	2.1

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- • "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ✣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ψ Excluding a final dividend declaration.
- ✣ Regional price.
- ‖ No par value

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 36

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −	Stock	Price	+ or −
Albany Inv. 20p	25	.....	Sheff. Refrshmt.	63	.....
Ash Spinning	46	.....	Sindall (Wm.)	105	.....
Bertam	20	.....			
Bdg'wtr Est. 50p	311xd	.....	**IRISH**		
Clover Croft	26	.....			
Craig & Rose £1	520	.....			
Dyson (R. A.) A.	39	.....	Conv. 9% '80/82.	£91¼	.....
Ellis & McHdy.	63	.....	Alliance Gas	62	.....
Evered	27	+1	Arnott	360	.....
Fife Forge	52xd	.....	Carroll (P.J.)	103	.....
Finlay Pkg. 5p	21	.....	Clondalkin	85xd	.....
Graig Ship £1	115	.....	Concrete Prods.	132xd	.....
Higsons Brew	77	.....	Heiton (Hldgs.)	48	.....
I.O.M. Stm. £1	152	.....	Ins Corp.	160	.....
Holt (Jos.) 25p	260	.....	Irish Ropes	130	.....
N'thn. Goldsmith	66	.....	Jacob	63	.....
Pearce (C. H.)	135	.....	Sunbeam	33xd	.....
Peel Mills	20	.....	T.M.G.	165	−3
Sheffield Brick	44	.....	Unidare	137	+1

OPTIONS
3-month Call Rates

Stock	Rate	Stock	Rate	Stock	Rate
Industrials		I.C.I.	20	Tube Invest.	30
A. Brew	6½	"Imps"	6	Unilever	35
A.P. Cement	18	I.C.L.	20	Utd. Drapery	7½
B.S.R.	9	Inveresk	8	Vickers	15
Babcock	11	KCA	3	Woolworths	5
Barclays Bank	25	Ladbroke	17		
Beecham	35	Legal & Gen.	14	**Property**	
Boots Drug	15	Lex Service	7	Brit. Land	3¼
Bowaters	16	Lloyds Bank	22	Cap. Counties	4½
B.A.T.	24	"Lofs"	4	E.P.	5
British Oxygen	6	London Brick	5	Intereuropean	4
Brown (J.)	20	Lonrho	5	Land Secs.	16
Burton 'A'	12	Lucas Inds.	25	MEPC	12
Cadburys	5	Lyons (J.)	10	Peachey	8
Courtaulds	10	"Mams"	7	Samuel Props.	9
Debenhams	8	Mrks. & Spncr	10	Town & City	1¼
Distillers	15	Midland Bank	25		
Dunlop	7	N.E.I.	12	**Oils**	
Eagle Star	11	Nat. West. Bank	22	Brit. Petroleum	45
E.M.I.	14	Do. Warrants	10	Burmah Oil	5
Gen. Accident	17	P & O Dfd.	8	Charterhall	3
Gen. Electric	13	Plessey	8	Shell	28
Glaxo	40	R.H.M.	5	Ultramar	20
Grand Met.	9	Rank Org. 'A'	18		
G.U.S. 'A'	29	Reed Intnl.	12	**Mines**	
Guardian	18	Spillers	3	Charter Cons.	12
G.K.N.	22	Tesco	4	Cons. Gold	14
Hawker Sidd.	20	Thorn	22	Rio T. Zinc	16
House of Fraser	12	Trust Houses	15		

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Wednesday September 6 1978

July spending in shops up by 6¼%

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

SPENDING in shops in July was more than 6¼ per cent higher in real terms than a year earlier and the momentum is expected to have been maintained last month.

The revised index of the volume of retail sales in July is well above even the buoyant provisional estimate, at 111.4 (1971=100, seasonally adjusted) against an initial figure of 110½.

The Trade Department said yesterday that retail sales in July may have been influenced by the payment of back-dated income tax reductions.

The volume of spending was nearly 2½ per cent more than in June. This represents a rise of nearly £1.4bn in current prices.

The underlying rate of rise in spending is shown by a 2½ per cent volume gain in the May to July period compared with the previous three months.

In the first seven months of this year, the volume of sales was about 4 per cent higher than the annual average for 1977.

The rise in spending this year has been broadly in line with the recovery in average living standards—up by over 5 per cent in the last 12 months—as a result of the increase in real wages and tax cuts.

There have been signs recently that the upturn in consumer spending is not only pro-

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Editorial Comment, Page 16

ducing a sharp rise in imports but is also, at last, boosting domestic output.

The tax cuts should have sustained spending in August when sales of cars were also strong. But the rate of increase could slacken until November when a further stage of tax cuts comes into effect and pensions and social security benefits are raised.

Mr. Richard Weir, of the Retail Consortium, said yesterday that the latest figures showed that spending was moving towards the previous peak in 1973, but these levels were unlikely to be exceeded over 1978 as a whole because of the flat first quarter.

Nevertheless, Mr. Weir said that earlier projections of a 5 per cent increase in the volume of sales this year should be easily achieved.

The expectation of most economists is that a slower growth in real wages in the next 12 months will cut the expansion of retail sales in 1979.

The Trade Department said the recent rise in sales had been concentrated on non-food shops, particularly those selling durable goods.

The volume of sales of durable goods shops in July was more than 6 per cent higher than in the previous month and 10¼ per cent higher than a year earlier.

Between May and July, spending in these shops was 5 per cent higher than in the previous three months and up to previous peak levels during 1973. Sales of electrical and gas appliances have been particularly strong.

Union leaders to discuss lack of talks on Chrysler

BY ALAN PIKE, LABOUR CORRESPONDENT

UNION LEADERS are to meet tomorrow to consider an "unsatisfactory response" from Peugeot-Citroen to requests for talks on its proposed take-over of Chrysler's European operations.

At an International Metal Workers Federation meeting in Geneva last week, the unions decided to seek urgent talks with the company about the affect of the take-over on jobs and Chrysler plants.

Union leaders declared that they would use pressure, including industrial action, to protect jobs.

Mr. Gavin Laird, a member of the Amalgamated Union of Engineering Workers' executive, yesterday said the unions had found it impossible to arrange a satisfactory meeting. This was confirmed in a telegram sent by IMF staff to the British unions yesterday.

British union leaders will decide on their response at tomorrow's meeting in Brighton. An early recall of the international conference, at which unions from Britain, France, Spain, the United States and Australia were represented, is likely.

This would have to decide what pressure could be applied to bring the company to the negotiating table. The decision is complicated by the weak state of trade union organisation in the French car factories compared with Britain.

Peugeot-Citroen would prefer to get approval for the take-over from the respective governments before having detailed talks with the unions. The unions, however, regard discussions with the company as essential in determining their attitude towards the Chrysler offer.

Union leaders have stressed that the British Government could still block the deal and are anxious to meet Peugeot-Citroent face to face before Ministers reach a final decision.

Last week's announcement of Peugeot-Citroen's plans for Chrysler did not give the strong reassurances the British unions are seeking on jobs and the role of Chrysler UK plants. Union leaders fear these could become assembly centres for vehicles engineered in France.

The unions' attempt to obtain satisfactory talks with Peugeot-Citroen is an early test of their ability to apply pressure at multi-national level.

BL disputes Page 10

Farm and home land prices rise sharply

BY CHRISTOPHER PARKES AND JOHN BRENNAN

BOTH HOUSING and agricultural land prices rose sharply in the first half of the year, according to Government figures issued yesterday.

Provisional land price estimates from the Department of the Environment show that the cost of an average housing plot is now £2,210, 18 per cent higher than in the first half of 1977.

According to figures from the Ministry of Agriculture the steady increase in the price of farmland in England also accelerated sharply during the summer.

Average price at 363 monitored sales of land with vacant possession in the three months to the end of July was £1,247 an acre—£77 more than in the preceding three months.

The figures on housing land confirm warnings from the house-building industry that residential building land is beginning to have a marked scarcity value.

The complexities of recent property legislation, and the effect of planning controls have restricted the amount of land available to the builders. And the Department's survey shows the impact of these restrictions on prices.

The index for housing plot prices soared to 302 (1970=100) at the peak of the building boom late in 1973, sliding to a low point of 192 in the winter of 1975.

Since then prices have been moving only slowly, rising by just 8 per cent in 1976 and 7 per cent during 1977. But in the first six months this year land prices rose by 11 per cent, taking the plot index to 244 and back to levels last seen late in 1972, before the last price explosion.

Farmland values have risen 22 per cent this year so far, and the latest prices are 70 per cent higher than at the start of 1977.

Most of the sales were in the rich arable areas of East Anglia, according to Savills, agents. Since estates within easy reach of London also attract a premium, there has been considerable interest lately in the areas bordering the M4.

Nonetheless, Savills said, land in Britain was still cheaper than anywhere else in Europe. A possible influence on prices was the lack of legal "fetters" governing land ownership in this country.

Elsewhere in Europe, for example, the law restricts the purchase of agricultural and to certain groups. This tends to reduce competition.

However, as Mr. Peter Caroe, partner in charge of the farm sales department at Knight Frank and Rutley, pointed out that, farms in Holland cost about £5,500 an acre. And even in Ireland, good land sells for about £3,000 an acre.

Mr. Caroe said the Ministry figures were diluted by farm sales in less profitable agricultural areas. Good land in the eastern arable regions was now costing between £1,400 and £1,800 an acre.

British plea for cut in EEC steel sales to U.S.

By Roy Hodson

BRITISH STEEL producers are appealing to other EEC steelmakers to curb their exports to the U.S.

Mr. Gordon Sambrook, commercial director of the British Steel Corporation, said yesterday: "The corporation view is that if the present high level of EEC exports to the U.S. is sustained for the remainder of this year the Americans will be forced to respond with retaliatory measures."

He was speaking before leaving for Brussels to attend the meeting of Eurofer, the European steelmakers' club.

Some Continental steel companies have begun increasing U.S. sales to dispose of surplus production which cannot be sold in Europe.

The EEC sales jumped to 42 per cent of U.S. steel imports in July compared with an average of around 35 per cent during the previous six months.

Most of the extra steel came from France, West Germany and Belgium, with the UK share of imports to the U.S. actually falling from an average of 4 per cent to a new low of 2 per cent in July. Most of that steel was supplied by British Steel.

The U.S. steel industry is already reacting to the rising European imports.

Companies there are pointing out that the Japanese steel companies, which were causing so many problems in the U.S. market, have begun acting in a more restrained way.

The Japanese share of the U.S. imports market has fallen back to 26 per cent in recent months leaving the EEC countries as by far the largest bloc importing steel into the U.S.

The chairman of the American Iron and Steel Institute, Mr. Lewis Foy, warned last week that unless EEC steel sales in the U.S. are reduced, the indigenous companies will reinstitute their anti-dumping suits against foreign producers.

In July, steel imports into the U.S. rose to nearly 1.8m tonnes and most of the increase was attributed to the EEC producers.

British Steel used to have a 1m tonnes a year market in the U.S. Most of those sales were lost when the corporation went through a period of production difficulties. This year British Steel is forecasting total sales of about 350,000 tonnes into the U.S. market.

Continued from Page 1

Callaghan

an election, Mr. Callaghan said he understood the reasons for the current speculation although he had done nothing to fan that speculation. Where the speculators were correct was in saying that he would not be giving an indication to the TUC of his future intentions.

After reciting the old Marie Lloyd music hall song of the girl who waited in vain at the church for her bridegroom, he added: "I have promised nobody October . . . nobody at all."

But he added that he would be indicating his intentions "very shortly." When he did, it would be in the belief that people had come to trust that the Government did not, in its actions, flatter now to deceive later.

More than once the Prime Minister singled out Sir Keith Joseph, Mrs. Thatcher's policy adviser, for special mention — an indication that Sir Keith is likely to become a prime Labour target in the forthcoming campaign.

"There is work for a Labour government for the next five years,' the Prime Minister concluded to a mixed reception and only a partial standing ovation.

Thanking Mr. Callaghan, Mr. David Basnett, TUC chairman, said that the Prime Minister had not made his intentions clear—"but our intentions are very clear. They are to fight the next election as we have never fought one before."

Even as he spoke, Mr. Calaghan knew that his recipe for curbing wages will be rejected by the TUC in its economic debate today. He was really proclaiming to the country that the Government was not wavering from its determination to make a 5 per cent ceiling on wage settlements a main plank of its election campaign.

State is making 'most profit' on M-way services

BY IAN HARGREAVES, TRANSPORT CORRESPONDENT

THE GOVERNMENT rather than the operators is making excessive profits out of motorway service areas, according to an official report published yesterday.

The report, which also wants the price of motorway petrol cut by 8p a gallon and the standard of catering improved says that last year the Government's rate of return on service areas was over three times that of the operators.

"This is somewhat incongruous, considering that the operators take substantial commercial risks while the Government takes almost none," says the report.

The committee of inquiry was appointed last November by the Secretaries for Transport and Consumer Affairs. It met under the chairmanship of Mr. Peter Prior, chairman of H. P. Bulmer.

Mr. William Rodgers, the Transport Secretary, immediately welcomed the report and said that the Government was willing in principle to reduce its income from motorway service franchises. The report estimates that implementation of its findings would cut Government income by £4m a year.

The report bluntly rejects the commonly held view that service area operators, of which Trust Houses Forte, Ross and Granada are the biggest, make excessive profits from the semi-monopoly status of their motorway businesses.

Between 1973 and 1977, the inflation-adjusted rate of return of the service areas fell from 10.6 to 2.5 per cent. This puts them below the average for UK manufacturing and service industries.

Altmost a third of the service areas actually lost money in 1977 and the report says that even the most profitable venture was only making healthy rather than exorbitant returns.

The committee would like to see a new Motorway Services Areas Board, outside the Department of Transport, with a chief executive responsible to the public for the quality of services. This would require legislation.

Among the committee's recommendations are:

BETTER TERMS for operators, including fewer laws on opening hours and Sunday sales.

SETTING UP an Italian-style national motorway rescue organisation, in conjunction with the Automobile Association, to carry out emergency repairs with the aid of concessionaires.

MAXIMUM PETROL prices to be fixed in line with non-motorway prices, now averaging 8p a gallon cheaper. Operators to be free to sell more than one brand of petrol.

OPERATOR'S name and petrol price to be posted on motorway to encourage competition and permit customer choice.

NEW SERVICES, such as overnight accommodation for lorry drivers and banks to be provided.

Motorway Service Areas; SO: £1.25, Appendices £2. Delayed due to industrial problems.

British decision on airbus 'urgent'

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

M. JACQUES MITTERAND, president of Aerospatiale, the French manufacturing group, made it clear at the Farnborough air show yesterday that a political decision on the resumption by Britain of full membership of the European Airbus Industrie consortium was becoming increasingly urgent.

He emphasised that he still strongly favoured Britain rejoining the European grouping to help develop the new A-310 version of the Airbus, but claimed to be "shocked" that there was "not strong support

Rapier order Page 6
British Aerospace spending plans Page 9

for the Airbus programme by the British."

He was referring to the statement by Mr. Eric Varley, the Industry Secretary, last week that, while the Government had given permission for British Aerospace to rejoin the European grouping, it could not bring with it a formal commitment from British Airways to buy the A-310 aircraft. Further study could perhaps eventually result in some British purchases of the aircraft, the Minister had conceded.

M. Mitterand made it clear that he, along with other sections of the French aerospace establishment, considered this attitude unsatisfactory. He said that Airbus Industrie, which included Aerospatiale, could build the A-310 by itself without British help.

Every day that went by without a satisfactory solution to the problem was a day nearer to the point of no return. Already, he said, the Europeans had organised the production programme for the A-310 without allowing for British participation. Under this scheme the wings for the new aircraft would be built by the European VFW-Fokker concern in West Germany.

"We can do it alone, but I do not want to see that happen. Right now I am trying to keep the door open, but every day that passes is a day that threatens to delay the programme."

M. Mitterand suggested that he was in the same difficult position as that confronting British Aerospace. Both groups wanted to see British participation in the A-310 programme, but there was a difference of view as to who was causing the delay.

The UK feels that it is the French Government which is being intransigent by insisting on a formal British Airways commitment to the new aircraft which the airline is not yet prepared to give and which the British Government is not in a position to enforce.

The French group believes strongly that it is the British who are causing the delay by failing to give what they regard in France as a simple commitment.

Ferranti joint venture with Siemens

BY ANDREW TAYLOR

FERRANTI, the electronics group rescued from financial difficultiy by the Government in 1975, confirmed yesterday that it has reached agreement in principle on a new joint venture to be set up with Siemens AG, the large West German electronics concern.

The two groups propose a joint company to manufacture domestic and industrial electricity meters.

The deal is likely to cost about £6m. Ferranti providing its share by the injection of its Manchester-based meter business into the new company. Siemans will provide the equivalent in cash.

The two groups will jointly own the company, which will also include some of Ferranti's other instrument products allied to the meter business.

It is hoped that the deal will be concluded by the end of November and that the new company will be in operation at Ferranti's Hollinwood meter plant in the New Year. It is planned that a new factory will be built either on the present site, or nearby, during the next two years.

Mr. Derek Alun-Jones, chief executive of Ferranti, said that the deal would provide both groups with access to new markets and technology.

In the current year, Ferranti's meter and allied products business is expected to generate sales of between £8m and £10m, about a third of which will be for export.

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Dutch air protest

tion for the granting of State aid for the project.

British Aerospace reacted calmly to reports of the action by VFW-Fokker. The nationalised aerospace corporation said the Dutch-German group's complaint was little more than a formal protest and that not only was there little justification for it but there was almost nothing the EEC could do about it.

Before the re-launch of the aircraft, British Aerospace officials discussed it with European aircraft companies, including VFW-Fokker. Talks on collaboration with Saab-Scania of Sweden are continuing and the U.S. Avco Corporation may make the wings for the 146. Aeritalia, the Italian aerospace corporation may also join British Aerospace as a risk sharing partner, but no final agreements have been reached.

Participation by foreign companies in up to 40 per cent of the programme is possible, which is about the same proportion of the VFW-Fokker programme contributed by British companies.

THE LEX COLUMN

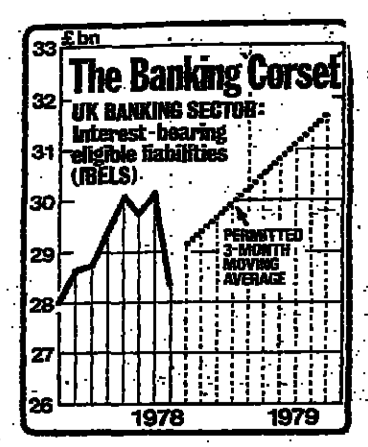
The great IBELS vanishing act

The 3.6 per cent drop in the banking sector's eligible liabilities was better than most people's wildest dreams. Prices at both the long and short end of the gilt-edged market rose by up to half a point and though the authorities were counselling caution, it looks as if there will be a modest fall reported in sterling M3 next week.

The first question is where have all these troublesome eligible liabilities disappeared to? Until the full money supply figures are published we remain largely in the dark. But it looks as if the discount market played a major role. In addition, the authorities' decision to release special deposits was also very important since this relieved the pressure on the banks' reserve assets and enabled them to rearrange their balance sheets more comfortably and wriggle back inside the corset.

No doubt students of the money markets will have great fun unravelling the mystery of the missing eligible liabilities but it is much more important to establish what is happening to bank lending. And here the banking figures are less useful. On the surface it seems as if the underlying growth in clearing bank lending slowed down appreciably but much of this may have been due to borrowers switching to the non-clearers for funds, because of the interest rate advantages during the period.

Index rose 10.1 to 503.5



BICC

A £4m increase in BICC's interim pre-tax profits (to £28m) despite the impact of a £3½m provision for a Post Office refund exceeded most expectations. At the attributable level—where BICC likes to be judged—the increase comes out at 27 per cent and the group helped analysts to guess at a full year result of at least £55m pre-tax (£47m) by predicting a maintained level of performance for the rest of the year.

In the divisions, the strongest profit improvement has come from Balfour Beatty, where pretax profits are up from £4.2m to £6.6m—with the Balfour Fitzpatrick electrical and mechanical contracting business performing particularly well. The figures include a first-time contribution from the Dubai harbour contract. But demand on the cable side has remained stagnant, with profits (ignoring provisions) unchanged on last time. Elsewhere, the £2.3m increase to £4.3m in the pre-tax profit from industrial products substantially reflects the Dorman Smith and Cohen acquisitions. At 130p the shares main attraction is the 9 per cent yield.

IMI

IMI's zip business has slipped badly in the first half of 1978. The problem is one of slack demand in Europe, arising from changing fashion and an increasing shift of textile manufacturing to the Far East, as well as IMI's inability to cut labour costs quickly in Spain and France. Losses have been incurred in both countries as well as on zips overall. This is the main factor behind the 13 per cent decline in interim pretax profits to £15.7m—representing a 6 per cent margin on sales, against 7.6 per cent for the corresponding period.

Elsewhere, the picture is less depressing, with building products, radiators, fluid power, and the finished product end of refined and wrought metals all showing good results. There is little good news from copper semis or the general engineering side, but the good increase in the volume of titanium sales may reflect the beginning of substantial new demand from the aerospace industry. Expectations for full year profits seem to vary between £33m and £37m, against £34.2m; at 62½p the shares offer a prospective yield of 8.7 per cent.

Plessey

Hope springs anew at Plessey. Last year the group started strongly, with pre-tax gro[wth] 19 per cent in the first [...] but found the going [...] and tougher, finishing [...] per cent ahead at £42.9m [...] year Plessey is promisi[ng] [...] opposite pattern. After [...] months profits are uncha[nged at] £12.4m, but the group [...] tale of swelling order boo[ks] [...] a quarter on a year ago [...] accelerating deliveries [...] leaves the analysts won[dering] whether they dare dust o[ff and] reinstate those old foreca[sts of] £48m or £50m pre-tax.

Only Garrard (losing [...] the first quarter) rema[ins a] serious problem area, [...] solution still looks som[e way] off. Elsewhere, with [...] quarter strikes in Austral[ia and] Portugal out of the wa[y, the] telecommunications side [...] now respond to an improv[ement] in demand, while profits [...] electronics systems—up [...] fifths on a year ago—are [...] last year) reflecting gro[wing] deliveries. Meantime the [com]ponents sector continu[es a] steady improvement. Up [...] a 1978 high of 106p, the [...] still yield 7.7 per cent [...] on £50m pre-tax the p/e [...] be around 11 after a no[rmal] full tax charge.

Decca

The stock market has b[een] so resigned to disappoin[tment] from Decca over the pas[t few] years that the "A" shares [...] 5p higher at 455p foll[owing] news of a 23 per cent d[...] pre-tax profits. Last year [...] made profits of £12.3m, [...] compares with a peak of £[...] in 1974, since when sales [have] risen by just over a [...] and retail prices have [...] doubled.

Over the past few yea[rs] rapidly declining profitabi[lity in] the consumer goods ope[rations] has been offset by a stron[g per]formance on the capital [goods] side. But last year thi[s] reported 10 per cent [...] profits and the group is e[...] ing little improvement i[n] profit contribution this [...] Meanwhile the consumer [pro]ducts side continues t[o be] dogged by problems on [...] record and TV operations [...] at the moment it does not [look] as if overall profits will be [...] different in the current [...] At the current price the s[hares] are selling on 18 times earn[ings,] a yield of just under 4 per [cent] and the hope that some [...] someone will make a bid.

Weather

UK TODAY

CLOUDY with rain, becoming brighter.

London, E. Anglia, E. W. Midlands, N. Wales
Cloudy, dry, few bright intervals. Max. 17C (63F).

S.E., Cent. England, Channel Is.
Cloudy, some rain. Max. 18C (64F).

S.W. England, S. Wales
Sunny intervals, some showers. Max. 18C (64F).

E., Cent., N., N.E. England, Borders, Edinburgh, Dundee, N.W. England, Lakes, Isle of Man, S.W. Scotland, Glasgow, Argyll, N. Ireland
Cloudy, some rain. Max. 16C (61F).

Aberdeen, Highlands, Moray Firth, N. Scotland
Dry, cloudy, some bright intervals. Max. 14C (57F).

Orkney, Shetland
Cloudy, dry, some bright intervals. Max. 12C (54F).

Outlook: Some rain with sunny intervals.

BUSINESS CENTRES

	Y'day midday	°C	°F		Y'day midday	°C	°F
Amstrdm.	F	15	59	Luxembg.	F	17	63
Athens	F	28	82	Madrid	F	24	75
Bahrain	S	35	95	Manchstr.	R	13	55
Barcelona	F	24	75	Melbourne	R	13	55
Beirut	S	28	82	Milan	F	23	73
Belfast	F	13	55	Montreal	S	17	63
Belgrade	S	27	81	Moscow	C	12	54
Berlin	C	12	54	Munich	F	19	66
Birmghm.	C	16	61	Newcastle	C	11	52
Bristol	C	15	59	New York	S	22	72
Brussels	C	16	61	Oslo	C	16	61
Budapest	C	23	73	Paris	F	22	72
B. Aires	C	15	60	Perth	C	16	61
Cairo	S	31	91	Reykjavik	S	12	54
Cardiff	R	14	57	Rio de J'o	C	24	75
Chicago	S	21	70	Rome	C	24	75
Cologne	F	15	59	Singapore	C	29	85
Copnhagn.	F	16	61	Stockholm	F	15	59
Dublin	R	15	59	Strasbg.	F	19	66
Edinburgh	R	12	54	Sydney	S	19	66
Frankfurt	F	18	64	Tehran	S	32	90
Geneva	F	21	70	Tel Aviv	S	28	82
Glasgow	C	11	52	Tokyo	R	21	70
Helsinki	C	14	57	Toronto	C	19	66
H. Kong	S	31	[illegible]	Vienna	F	21	70
Jo'burg	S	17	63	Warsaw	C	14	57
Lisbon	R	22	72	Zurich	F	18	64
London	F	19	66				

HOLIDAY RESORTS

		°C	°F			°C	°F
Ajaccio	C	24	75	Jersey	F	19	66
Algiers	F	30	86	Las Plms.	F	25	77
Biarritz	F	21	70	Locarno	C	22	72
Blackpool	C	14	57	Majorca	F	27	81
Bordeaux	C	22	72	Malaga	F	29	84
Boulogne	C	19	66	Malta	F	29	84
Casblnca.	F	23	73	Nairobi	S	23	73
Cape Tn.	S	18	64	Naples	C	21	70
Corfu	C	24	75	Nice	S	20	68
Dubrovnik	R	21	70	Nicosia	S	27	81
Faro	F	24	75	Oporto	C	19	66
Florence	S	27	81	Rhodes	S	27	81
Funchal	S	25	77	Salzburg	F	20	68
Gibraltar	F	26	79	Tangier	F	24	75
Guernsey	C	17	63	Tenerife	F	23	73
Innsbruck	C	19	66	Tunis	S	31	88
Inverness	S	13	55	Valencia	F	29	84
Is. of Man	R	14	57	Venice	F	22	72
Istanbul	S	27	81				

F—Fair, S—Sunny, R—Rain, C—Cloudy.

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